ANNUAL REPORT
年度報告
2017

GLORY国瑞

香港聯合交易所股份代號 Stock Code : 2329

GUORUI PROPERTIES LIMITED
國瑞置業有限公司

(於開曼群島以「Glory Land Company Limited (国瑞置业有限公司)」的名稱註冊成立的有限公司,並以「Guorui Properties Limited」的名稱在香港經營業務)

(Incorporated in the Cayman Islands with limited liability under the name of "Glory Land Company Limited (国瑞置业有限公司)" and carrying on business in Hong Kong as "Guorui Properties Limited")

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FINANCIAL & OPERATION HIGHLIGHTS

Financial Highlights (RMB million)	2017	2016	change(%)
Contracted Sales	14,877	11,099	34%
Revenue	6,787	8,035	-16%
Gross profit	3,169	3,118	2%
Profit for the year	2,040	1,956	4%
Profit attributable to owners of the Company	1,750	1,563	12%
Core profit	1,323	1,317	0%
Total assets	58,544	44,718	31%
Equity attributable to owners of the Company	10,902	9,484	15%
Cash resources[1]	2,318	1,521	52%
Financial Information per share			
Earnings per share (RMB cents)			
– Basic	39.46	35.38	12%
– Diluted	39.20	35.04	12%
Dividend per share (HK cents)	8.07	6.04	34%
Financial Ratios			
Gross profit margin (%)	47%	39%	8%
Net profit margin (%)	30%	24%	6%
Net gearing ratio (%)[2]	205%	156%	49%
Dividend payout ratio (%)	17%	15%	2%
Current ratio (times)	1.3	1.9	-31%
Operational Highlights (thousand sq.m.)			
Landbank	8,506	8,555	-1%
Saleable GFA sold	915	1,064	-14%
Saleable GFA delivered	532	930	-43%

1 Including the restricted bank deposits

2 Total interest bearing debt minus cash resources divided by total equity

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**"), I am pleased to present the annual results of Guorui Properties Limited (the "**Company**"), together with its subsidiaries, (the "**Group**") for the year ended December 31, 2017 (the "**Reporting Period**").

RESULTS AND REVIEW FOR 2017

Results and Dividends

Maintaining a leading position in the industry with gross profit margin of 46.7%

During the Reporting Period, the Group achieved operation revenue of RMB6,787.4 million, gross profit of RMB3,168.9 million, and net profit of RMB2,039.5 million. Profit attributable to the owners of the Company was RMB1,749.8 million, representing an increase of 12.0% as compared to the corresponding period of the previous year. During the Reporting Period, the gross profit margin and core net profit margin of the Group amounted to 46.7% and 19.5% respectively, both being in a leading position in the industry.

On the one hand, the Group was committed to the improvement in profitability; on the other hand, a flexible dividend distribution policy were adopted to reward shareholders for their strong supports. During the year, the Board declared and distributed an interim dividend of HK7.52 cents per share amounting to HK$333,849,000 (equivalent to RMB300,000,000) in aggregate, and proposed to declare and distribute a final dividend of HK8.07 cents per share amounting to HK$358,578,000 (equivalent to RMB300,000,000) in aggregate.

Market Review

Deepening of policy regulation and tightening from core cities to third- and fourth-tier cities

In 2017, regulation and control are still the keynote of the real estate industry. Investment speculation was fully restrained from all aspects including demand side of house purchase, supply and financial side of property, which reinforced the nature of housing properties is for accommodation. By closely following the pace of central government, the city-specific regulatory policies were implemented in the real estate industry where the policies have been shifting from regulating on a single city to tightening up through the synergy among city agglomerations and the interconnections among regions. From market performance perspective, first- and second-tier cities saw a decline in trading volume amidst focused-regulation, while the significant effect of properties destocking turned up in third- and fourth-tier cities under the impact of spillover. Given the intensified differentiation in the industry, accelerated paces of industry leaders and diverging of rise and fall among medium-sized enterprises, the competitive pattern has been presented with radical changes.

Property development

Contracted sales increased by 34%, hitting a new high with the implementation of city-specific strategies

Responding to changes in the situation, the Group adopted flexible strategies to promote rapid growth in sales, with an aim to lay a solid foundation for the future profitability of the Company. During the Reporting Period, the Group achieved contracted sales of RMB14,876.7 million, representing an increase of 34% as compared to the corresponding period of the previous year. The contracted GFA was 914,877.0 sq.m. and the contracted average selling price was approximately RMB16,260.7 per sq.m. Beijing made a great contribution in the contracted sales by accounting for 32.6% while first-tier cities and their surrounding core cities contributed 45.3% in aggregate.

In terms of regional and city layout, the Group continued to leverage on the incremental market space, entrench in major metropolitan areas and city agglomerations, focus on "Beijing Tianjin Hebei" region, "Pearl River Delta" region, "Yangtze River Delta" region and economic circle of "One Belt, One Road" and follow the market trend, so as to strengthen and expand the business of the Group. In the meanwhile, it proactively planned its business in first- and second-tier core cities and third- and fourth-tier cities with potentiality and optimised product structure with implementation of city-specific strategies, for the purpose of catering for different levels of market demand and increasing market share. In Beijing and Suzhou, the Group centered on the improvement in Glory Villa (國瑞熙墅); in Xi'an, the Group completed the topping out of Guorui Finance Center (國瑞金融中心), the landmark project of Xi'an; in Chongming Island, the Group launched an ecological high-end residential project, namely Guorui Yingtai (國瑞 • 瀛台) project to undertake the spillover demand in Shanghai; in Shantou, the Group launched Siji Garden (四季園), Guorui Garden (國瑞園) and Guanhaiju (觀海居) projects; in Foshan, the Group stepped up its efforts in the sales of Foshan Guorui New Capital (佛山國瑞新都) project, covering the rigid demand and first-time house buyers.

Land reserves

Focusing on core city circles and making progress via speeding up mergers and acquisitions

Insisting on quality growth, the Group ensured profitability while proactively expanded land reserves through multiple channels such as participating in government bidding, cooperation and acquisitions. During the Reporting Period, the Group obtained six high-quality land parcels with planned GFA of approximately 813,790 sq.m., among which Beijing accounted for approximately 44.4%. Particularly important, the Company won the bid for the land parcels of Fengtai Xitieying (豐台西鐵營) and Haidian Cuihu (海淀翠湖) in Beijing in the form of consortium, which improved the competitive advantages of acquiring the parcels of land and enabled the Company to target on high-quality projects in core cities and prime locations with lesser funds.

In addition, the Company also sustained the growth momentum of future sales by the mergers and acquisitions of mature projects within the strategic layout of the Company. As at August 31, 2017, the Company added seven new projects for cooperation in the Beijing-Tianjin-Hebei region, southern China and the areas under "The Belt and Road Initiative". In the future, the Company will also seize the opportunities to increase quality land resources through various channels such as cooperation and mergers and acquisitions with a view to quickly achieve a leap-forward sales growth.

The Group believes that first-tier cities will witness strong demand of properties for a long term in view of its outstanding advantages in resource concentration due to constant population inflow and advanced level of economic development, as well as the low stock of properties and shortage of land supply. As at December 31, 2017, the planned GFA for land reserves of the Group was 8,506,372 sq.m., and the average land cost was approximately RMB4,692.1 per sq.m.. As for planned area, first-tier cities and surrounding core cities accounted for 45.7%, which is expected to bring a continuous momentum for the future sales of the Group.

Investment properties

Rental income increased by 6% year-on-year with promising prospects for high-quality properties

During the Reporting Period, the Group's total rental income was RMB310.3 million, representing a year-on-year increase of 6%. The steady growth in rental income was due to nine investment properties owned by the Group in the core areas of five major cities, with a planned GFA of approximately 799,038 sq.m.. The operating area of Beijing accounts for approximately 65.3% among the operating area of 495,754 sq.m.. The offices of Hademen Plaza (哈德門廣場) in Beijing has partially commenced operation in December 2017, Shenyang Glory Shopping Mall (瀋陽國瑞購物中心) has grandly opened in October 2017. In 2018, offices and its ancillary commercial facilities in the East Tower of Hademen Plaza in Beijing, as well as the commercial district in Foshan Glory Shengping Commercial Centre (佛山國瑞升平商業中心) Phase I will gradually put into operation in the second half of the year. As the investment properties in major cities and core areas will gradually commence operation, the Group believes the rental income is expecting a substantial increase.

Financing channels

Proactively expanding financing channels and continuously optimizing debt structure

The Group focused its efforts on expanding financing channels, optimizing debt structure and lowering financing costs while supporting the Group's sustainable steady development in diversified financing methods. In March 2017, the Group successfully issued senior notes of US$300 million with an annual interest rate of 7% before the rate hikes of the Federal Reserve, which was rated "B" by credit rating agencies, Fitch Ratings and Standard & Poor, and set the record of the lowest interest rate for the first issue of bonds with such rating in recent years. In March 2018, the Group successfully issued senior notes of US$250 million under the market situation where the stock market fluctuates dramatically and the bond market is in a severe hardship, which is a further step towards the Company's "Structural Adjustment" objectives to optimized the sources of funds and currency allocation.

The Group's average financing cost was 6.5% during the Reporting Period, which was basically the same as 2016.

OUTLOOK FOR 2018

Keeping houses for living in, not for speculation and realizing living in peace and contentment

In 2018, the central government continued to insist on the position of "houses for living in, not for speculation" and "city-specific regulatory policies, differentiated regulation and control" remains the key tone of the real estate industry. The government reports of the National People's Congress and the Chinese Political Consultative Conference puts forward "Cultivate the leasing market and develop shared property rights for housing. Accelerate the establishment of housing system such as "multi-agent supply", "multi-channel protection" and "lease/purchase option" to enable the broad masses of the people to live in peace and contentment as soon as possible". The Group believes that the development goals of China's economy have shifted from high-speed growth to high-quality growth. The development of real estate companies in the new era must closely follow the guidelines of the national policies to proactively adapt to the development challenges of the new economy and expand the playground for future development.

The Group is of the view that the demands of China's real estate will mainly arise from in three aspects for a certain period in the future: (1) The living environment and housing demand of peasants will be solved by implementing the strategy of village rejuvenation and the construction of a beautiful new rural village in the new era proposed by General Secretary Xi Jinping. (2) The housing demand of low- and middle-income people in the first- and second-tier cities will be satisfied by social housing and public rental housing. (3) The demand for house purchase in one's hometown is increasingly prominent as the new urbanization is developing rapidly and the rural population is relocating to third- and fourth-tier cities; the city value will be more obvious as third- and fourth-tier cities around metropolitan areas will share urbanization dividends. Therefore, it can be predicted that the real estate market in China will still have much room for development in the next decade.

In this new stage, the Group believes that there are promising prospects for industrial models such as the construction of a beautiful rural new village and the cultural tourism and cultural innovation of integrated development for industries and cities. As for districts and counties outside the first- and second-tier cities, the Group will explore the cooperative development model with the rural collectives and participate in the construction of beautiful rural new village to help the development of rural rejuvenating industries. Secondly the Group will be in line with the policy of "lease/purchase option" and focus on the first-tier cities like Beijing and Shenzhen to explore and experiment rental housing business. In addition, the Group will take the existing regions as the leading factor to expand the potential cities under the national strategy of the Belt and Road and the Guangdong-Hong Kong-Macao Great Bay Area, developing innovative industrial models such as cultural tourism and cultural innovation and smart new city.

In the future, the Group will uphold the strategy of deeper regional exploitation, adopt proactive and flexible sales policies and attract more customers with continuously improved product structure and excellent product quality. The Group will step up efforts to promote sales while strengthening the collection of sales payment. Moreover, the Group will also focus on adjusting the debt structure and endeavor to reduce financing costs, thus enhancing our core competitiveness and ensuring the sustainable growth in future performance.

ACKNOWLEDGEMENT

Finally, on behalf of the Board, I would like to express our sincere gratitude to all of our employees for their diligence and endeavors, and our sincere appreciation to investors, customers and business partners for their strong support and confidence in the Group.

Zhang Zhangsun
Chairman

Beijing, the PRC
March 28, 2018

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the Reporting Period, the Group's total contracted sales were approximately RMB14,876.7 million, representing an increase of 34.0% as compared to the year ended December 31, 2016. The Group's revenue was RMB6,787.4 million, representing a decrease of 15.5% as compared to the year ended December 31, 2016. This decrease was primarily due to the decreased revenue from property development. Revenue from property development was RMB6,381.7 million, representing a decrease of 15.1% as compared to the year ended December 31, 2016. For the Reporting Period, the Group's gross profit was RMB3,168.9 million, net profit was RMB2,039.5 million, of which RMB1,749.8 million was attributable to the owners of the Company, representing an increase of 12.0% from RMB1,563.0 million for the year ended December 31, 2016.

Contracted Sales

For the Reporting Period, the contracted sales of the Group amounted to approximately RMB14,876.7 million, representing an increase of 34.0% from RMB11,099.0 million for the year ended December 31, 2016. Total GFA sold was approximately 914,877.0 sq.m., representing a decrease of 14.0% from 1,063,817.0 sq.m. for the year ended December 31, 2016. Average selling price was around RMB16,260.7 per sqm, representing an increase of 55.9% from RMB10,433.1 per sqm for the year ended December 31, 2016.

The following table sets out the geographic breakdown of the Group's contracted sales for the years ended December 31, 2017 and 2016:

City	2017 Contracted Sales (RMB million)	2017 Percentage of Total Contracted Sales (%)	2016 Contracted Sales (RMB million)	2016 Percentage of Total Contracted Sales (%)
Beijing	4,829.2	32.6	1,940.8	17.5
Haikou	1,432.0	9.6	1,709.3	15.4
Wanning	92.7	0.6	395.5	3.6
Langfang	1,421.6	9.6	4,170.1	37.6
Zhengzhou	244.4	1.6	636.2	5.7
Shenyang	750.1	5.0	563.9	5.1
Foshan	861.6	5.8	680.9	6.1
Shantou	1,161.1	7.8	1,002.3	9.0
Suzhou	655.4	4.4	—	—
Chongming Island	463.8	3.1	—	—
Cooperation project	2,964.8	19.9	—	—
Total	14,876.7	100.0	11,099.0	100.0

The following table sets out the project breakdown of the Group's contracted sales for the years ended December 31, 2017 and 2016:

	2017 Contracted Sales (RMB million)	2016 Contracted Sales (RMB million)	2017 GFA Sold (sq.m.)	2016 GFA Sold (sq.m.)	2017 Contracted ASP (RMB/sq.m.)	2016 Contracted ASP (RMB/sq.m.)
Beijing						
Beijing Glory City	57.0	257.0	1,294	6,479	44,097.8	39,666.0
Beijing Fugui Garden	121.8	—	1,740	—	70,000.0	—
Beijing Glory Villa East	115.6	937.1	9,182	78,086	12,591.7	12,000.0
Beijing Glory Villa West	1,701.8	746.7	55,779	62,198	30,508.9	12,000.0
Beijing Daxing Yinghai	2,833.0	—	97,691	—	29,000.0	—
Haikou						
Haikuotiankong Glory City	898.8	1,522.1	50,175	103,433	17,913.4	14,715.3
Glory Riverview Garden	247.2	91.5	10,092	4,355	24,490.3	21,009.5
Haikou West Coast Glory	286.0	95.7	12,022	4,474	23,789.7	21,379.4
Wanning						
Wanning Glory City	92.7	395.5	10,459	54,211	8,860.8	7,295.8
Langfang						
Yongqing Glory City	1,421.6	4,170.1	91,349	415,438	15,562.3	10,037.9
Zhengzhou						
Zhengzhou Glory City	244.4	636.2	16,796	98,732	14,549.3	6,443.6
Shenyang						
Shenyang Glory City	750.1	563.9	110,739	80,589	6,773.1	6,997.0
Foshan						
Foshan Guohua New Capital	803.7	680.9	57,511	74,410	13,974.7	9,150.4
Foshan Glory Shengping Commercial Centre	57.9	—	1,276	—	45,395.9	—
Shantou						
Guanhaiju	450.8	—	28,294	—	15,933.1	—
Siji Garden	277.9	1,002.3	35,476	81,412	7,833.8	12,311.7
Glory Garden (Phase II)	432.4	—	53,592	—	8,067.6	—
Suzhou						
Suzhou Glory Villa	655.4	—	19,991	—	32,783.0	—
Qidong						
Guorui Yingtai	463.8	—	39,851	—	11,639.1	—
Cooperation project	2,964.8	—	211,568.0	—	14,013.3	—
Total	14,876.7	11,099.0	914,877.0	1,063,817	16,260.7	10,433.1

Property Projects

According to the stage of development, the Group classifies its property projects into three categories: completed properties, properties under development and properties held for future development. As some of its projects comprise multiple-phase development on a rolling basis, a single project may include different phases at various stages of completion, under development or held for future development.

As at December 31, 2017, the Group had completed a total GFA of 6,034,162 sq.m. and had land reserves with a total GFA of 8,506,372 sq.m., comprising (a) a total GFA of 903,900 sq.m. completed but remaining unsold, (b) a total GFA of 3,205,681 sq.m. under development, and (c) a total planned GFA of 4,396,791 sq.m. held for future development.

The Group selectively retains the ownership of a substantial amount of self-developed commercial properties with strategic value to generate stable and recurring income. As at December 31, 2017, the Group had investment properties with a total GFA of 799,038 sq.m. in core locations in 5 cities, namely, Beijing, Shenzhen, Shenyang, Shantou and Foshan.

Properties Under Development and Properties Held for Future Development

The following table sets out a summary of information on the Group's projects and project phases under development and properties held for future development as at December 31, 2017:

			UNDER DEVELOPMENT			HELD FOR FUTURE DEVELOPMENT		
Project	Project Type	Site Area	GFA Under Development	Saleable/ Rentable GFA	GFA Pre-sold	Planned GFA	GFA of Land Use Rights Certificates Not Yet Obtained	Ownership Interest
		(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(%)
Beijing								
1. Beijing Glory Villa East	Residential	94,199	315,167	227,557	87,268	—	—	80.0%
2. Beijing Glory Villa West	Residential	73,294	239,805	179,823	117,977	18,415	—	80.0%
3. Daxing Yinghai	Residential	63,030	206,989	160,603	97,691	—	—	80.0%
4. Fengtai Xitieying	Residential	65,650	—	—	—	294,514	294,514	16.0%
5. Haibin Green Lake	Residential	82,336	—	—	—	273,288	273,288	28.0%
Haikou								
1. Hainan Yunlong	Mixed-use	1,084,162	—	—	—	768,844	—	72.0%
Wanning								
1. Wanning Glory City (phases II to III)	Residential	143,560	—	—	—	200,955	—	80.0%
Langfang								
1. Yongqing Glory City (Phases I (partial) to II)	Residential	410,568	70,934	70,934	5,598	375,155	—	80.0%
2. Yongqing Glory City (Phases IV (partial))	Residential	217,726	266,638	206,302	—	350,442	—	100%
Zhengzhou								
1. Zhengzhou Glory City (Phase VIII)	Mixed-use	11,235	—	—	—	30,772	—	80.0%

Project	Project Type	Site Area (sq.m.)	UNDER DEVELOPMENT GFA Under Development (sq.m.)	Saleable/ Rentable GFA (sq.m.)	GFA Pre-sold (sq.m.)	HELD FOR FUTURE DEVELOPMENT Planned GFA (sq.m.)	GFA of Land Use Rights Certificates Not Yet Obtained (sq.m.)	Ownership Interest (%)
Shenyang								
1. Shenyang Glory City (Phase III (partial), Phases V (partial) to VII)	Mixed-use	270,402	94,511	92,832	—	623,604	273,322	80.0%
Foshan								
1. Foshan Guohua New Capital (Phase II)	Residential	23,503	100,171	89,801	51,286	—	—	44.0%
2. Foshan Glory Shengping Commercial Centre	Mixed-use	90,231	352,974	92,349	1,725	—	—	80.0%
3. Foshan Xiqiao	Residential	63,952	—	—	—	248,591	248,591	80.0%
Xi'an								
1. Guorui • Xi'an Financial Center	Mixed-use	19,162	289,978	211,371	—	—	—	80.0%
Shantou								
1. Convention Hotel	Mixed-use	28,439	186,799	135,924	—	—	—	100.0%
2. Shantou Glory Hospital	Hospital	100,001	360,154	—	—	—	—	100.0%
3. Glory Garden (Phase II) [1]	Residential	14,482	77,977	67,546	54,689	—	—	80.0%
4. Siji Garden[1]	Residential	42,155	205,008	152,163	55,028	—	—	80.0%
Shenzhen								
1. Shenzhen • Nanshan	Commercial	20,163	42,763	42,763	—	132,237	—	80.0%
Suzhou								
1. Suzhou Glory Villa	Mixed-use	74,196	240,294	182,656	19,991	—	—	80.0%
Chongming Island								
1. Chongming Island	Residential	1,211,544	101,863	101,863	39,851	929,974	—	72.0%
2. Butterfly Hotel	Hotel	64,000	53,656	—	—	—	—	100.0%
Hubei Ezhou								
1. Ezhou Huarong District Project	Specialized market	333,335	—	—	—	150,000	150,000	55.0%
Total		4,601,325	3,205,681	2,014,487	531,104	4,396,791	1,239,715	
Total Attributable GFA			2,693,784	1,639,559	403,232	3,083,519	623,674	

Note:

(1) Projects developed under the "Urban Redevelopment" Policy

The following table sets out a summary of information of the Group's investment properties as at December 31, 2017:

Project	Types of Properties	Total GFA Held for Investment (sq.m.)	Leasable GFA (sq.m.)	Effective Leased GFA (sq.m.)	Total Rental Income 2017 (RMB'000)	Total Rental Income 2016 (RMB'000)
Beijing Glory City	Shopping mall	84,904	46,366	42,753	242,810	231,680
	Offices	8,520	8,520	6,566		
	Car parking spaces	26,324	26,324	21,779		
	Retail outlets	33,032	29,546	25,700		
	Siheyuan	7,219	7,219	3,437		
Eudemonia Palace	Car parking spaces	3,431	3,431	3,431		
Beijing Fugui Garden	Shopping mall	26,146	26,146	21,640	39,348	39,288
	Retail outlets	3,170	3,170	3,170		
Beijing Hademen Plaza	Commercial	15,671	14,703	—	4,285	—
	Offices	75,171	69,830	16,537		
	Car parking spaces	29,040	23,917	—		
Beijing Bei Wu Lou	Offices	10,916	10,916	—	—	—
Shenyang Glory City	Specialized markets	50,841	50,841	24,580	174	—
	Retail outlets	58,972	58,972	15,339		
Shantou Glory City	Specialized markets	62,398	62,398	59,773	23,676	21,711
Foshan Glory Shengping Commercial Centre*	Retail outlets	260,520	—	—	—	—
	Car parking spaces					
Shenzhen • Nanshan*	Offices	42,763	—	—	—	—
Total		799,038	442,299	244,705	310,293	292,679

* Projects currently under construction

Completed Properties

The following table sets out a summary of information on the Group's completed projects and project phases as at December 31, 2017:

Project	Project Type	Site Area (sq.m.)	Completed GFA (sq.m.)	GFA Available for Sale or Use by Us (sq.m.)	GFA Available for Sale (sq.m.)	GFA Held for Investment (sq.m.)	GFA Sold (sq.m.)	Other GFA (sq.m.)	Ownership Interest (%)
Beijing									
1. Beijing Fugui Garden	Mixed-use	87,075	507,857	48,042	3,463	29,316	421,374	9,125	91.0%
2. Beijing Glory City	Mixed-use	117,473	881,590	63,159	15,715	159,999	640,252	18,180	80.0%
3. Eudemonia Palace	Residential	14,464	33,102	3,431	–	3,431	24,931	1,309	80.0%
4. Beijing Hademen Plaza	Commercial	12,738	140,057	14,817	–	119,881	–	–	
Haikou									
1. Haikuotiankong Glory City (Phases I to V)	Mixed-use	141,375	800,154	236,146	91,196	–	526,650	37,358	80.0%
2. Haidian Island Glory Garden	Residential	65,643	71,863	15,204	933	–	56,078	581	80.0%
3. Glory Riverview Garden	Residential	36,634	21,658	7,464	7,464	–	13,109	1,085	80.0%
4. Haikou West Coast Glory	Residential	34,121	21,971	5,647	5,647	–	15,043	1,281	80.0%
Wanning									
1. Wanning Glory City (Phase I)	Residential	100,780	161,988	11,687	4,335	–	146,727	3,574	80.0%
Langfang									
1. Yongqing Glory City (Phase I (partial), Phase III, Phase V)	Residential	509,049	403,023	31,398	12,765	–	369,369	2,256	80.0%
2. Yongqing Glory City (Phase IV (partial))	Residential	176,023	498,887	284,160	47,809	–	203,145	11,582	100%
Zhengzhou									
1. Zhengzhou Glory City (Phases I to VII)	Mixed-use	472,992	803,762	95,891	19,423	–	663,027	44,844	80.0%

Project	Project Type	Site Area (sq.m.)	Completed GFA (sq.m.)	GFA Available for Sale or Use by Us (sq.m.)	GFA Available for Sale (sq.m.)	GFA Held for Investment (sq.m.)	GFA Sold (sq.m.)	Other GFA (sq.m.)	Ownership Interest (%)
Shenyang									
1. Shenyang Glory City (Phases I and II, Phase III (partial), Phase IV and Phase V (partial))	Mixed-use	357,189	920,637	202,717	15,449	109,813	563,333	44,774	80.0%
Foshan									
1. Foshan Guohua New Capital (Phase I and Phase II (partial))	Residential	97,311	414,746	168,187	156,428	–	211,954	34,605	44.0%
Shantou									
1. Shantou Glory City (Phase I)	Mixed-use	50,999	62,398	–	–	62,398	–	–	90%
2. Glory Garden (Phase I)	Mixed-use	14,161	33,795	2,278	2,278	–	31,517	–	100.0%
3. Yu Garden	Residential	8,292	25,767	–	–	–	25,767	–	100.0%
4. Star Lake Residence	Residential	3,589	12,132	–	–	–	12,132	–	100.0%
5. Yashi Garden	Residential	9,472	48,054	81	81	–	47,197	776	100.0%
6. Guanhaiju	Residential	25,922	170,721	36,075	36,075	–	133,689	957	100.0%
Total		2,335,372	6,034,162	1,226,384	419,061	484,839	4,105,294	217,644	
Total Attributable GFA		1,895,449	4,897,996	990,363	296,565	397,336	3,344,974	165,324	

Land Reserves

The following table sets out a summary of the Group's land reserves by geographic location as at December 31, 2017:

	Completed	Under Development	Future Development	Total Land Reserves	% of Total Land Reserves	Average Land Cost
	Saleable/ Rentable GFA Remaining Unsold (sq.m.)	GFA Under Development (sq.m.)	Planned GFA[(1)] (sq.m.)	Total GFA (sq.m.)	(%)	(RMB/sq.m.)
Beijing	331,806	761,961	586,217	1,679,984	19.7	15,565.2
Haikou	105,241	–	768,844	874,085	10.3	1,557.5
Wanning	4,335	–	200,955	205,290	2.4	354.2
Langfang	60,574	337,573	725,597	1,123,744	13.2	352.7
Zhengzhou	19,423	–	30,772	50,195	0.6	405.4
Shenyang	125,261	94,511	623,604	843,376	9.9	896.4
Foshan	156,428	453,145	248,591	858,164	10.1	4,100.0
Xi'an	–	289,978	–	289,978	3.4	1,551.8
Shantou	100,832	829,937	–	930,769	10.9	966.3
Shenzhen	–	42,763	132,237	175,000	2.1	3,428.6
Suzhou	–	240,294	–	240,294	2.8	17,191.3
Chongming Island	–	155,519	929,974	1,085,493	12.8	1,354.7
Hubei Ezhou	–	–	150,000	150,000	1.8	584.7
Total	903,900	3,205,681	4,396,791	8,506,372	100.0	4,692.1

Note:

(1) Includes 178,612 sq.m. of planned GFA in respect of which the Group had received the confirmation letter on bidding for granting land use rights but had not yet signed the relevant land grant contract.

The following table sets out a summary of the Group's land reserves by type of properties as at December 31, 2017:

	Completed	Under Development	Future Development	Total Land Reserves	% of Total Land Reserves
	Saleable/ Rentable GFA Remaining Unsold (sq.m.)	GFA Under Development (sq.m.)	Planned GFA[1] (sq.m.)	Total GFA (sq.m.)	(%)
Residential	230,441	1,412,721	3,150,351	4,793,513	56.3
Commercial for sale	115,473	494,056	266,747	876,276	10.3
Commercial held or intended to be held for investment	484,839	303,283	–	788,122	9.3
Hotel	–	88,092	104,536	192,628	2.3
Car parking spaces	73,147	367,085	359,230	799,462	9.4
Ancillary	–	164,436	294,416	458,852	5.4
Hospital	–	360,154	–	360,154	4.2
Specialised market	–	–	150,000	150,000	1.8
Others	–	15,854	71,511	87,365	1.0
Total	903,900	3,205,681	4,396,791	8,506,372	100.0%

Note:

(1) Includes 178,612 s.q.m. of planned GFA in respect of which the Group had received the confirmation letter on bidding for granting land use rights but had not yet signed the relevant land grant contract.

Primary Land Development, Redevelopment of shanty town and Projects Developed under the "Urban Redevelopment" Policy

Apart from engaging in property development projects, the Group also actively undertakes primary land development projects as a strategic business in order to access potentially available land reserves. During 2017, the Group undertook primary land development, redevelopment of shanty town and projects developed under the "Urban Redevelopment" policy in Beijing, Chaozhou, Shenzhen and Shantou.

Beijing

Since September 2007, the Group has undertaken a primary land development project in Beijing, namely, the West Qinian Street Project, which is located in the west side of Qinian Street and less than one kilometer from Tiananmen Square with a planned GFA of approximately 474,304 sq.m., comprising five land parcels. As at December 31, 2017, the Group has completed the primary land development of one of the five land parcels, and another land parcel is in the process of acceptance check by the Group. As at December 31, 2017, the projects under development of the Group incurred development costs of approximately RMB919.5 million.

Chaozhou

During the first half of 2014, the Group undertook a primary land development project in Chaozhou, Guangdong Province, with a planned GFA of 2.9 million sq.m., namely, the Meilin Lake project. The Group has obtained the approval from the local government on preliminary land-use planning, completed preliminary work such as project establishment, project environment assessment, collection of evidence on land ownership and structures thereon (including buildings), and completed the prior notice of the house demolition and relocation of approximately 4,419 mu of land. As at December 31, 2017, the Group incurred preliminary development costs of RMB9.4 million for this project to cover preliminary planning, design and surveying expenses. The Meilin Lake Project is still currently under development.

Shenzhen

In the first half of 2014, Shenzhen Dachaoshan entered into a cooperation agreement with Shenzhen Longgang Xikeng Co., Ltd. (深圳市龍崗區西坑股份合作公司) to carry out urban renewal of the Xikeng community. The planned construction area of the project was about 2.3 million square meters. The Group has completed the census work including the land ownership, resident population and building information in the Xikeng community, the urban renewal planning research program and collection of opinions, and launched the establishment of phase I. As at December 31, 2017, the development costs paid by the Group at the early stage in relation to this project was approximately RMB416.1 million.

Shantou

Pursuant to cooperation agreements with local self-governing organizations and enterprises under the "Urban Redevelopment" policy, the Group undertook the development of land parcels in Shantou, comprising four development projects with a total planned GFA of approximately 4.3 million sq.m during the first half of 2014. The local self-governing organizations and enterprises have agreed to cooperate in development and construction of the relevant land parcels with the Group after the completion of the requisite government procedures under the relevant local regulation. The Group has completed a detailed regulatory plan for two of the development projects. The demolition work has been completed successfully and approval has been obtained from the relevant governmental authorities on transformation and distribution solutions, and began to develop residential properties. As at December 31, 2017, the Group incurred aggregate preliminary development costs of the remaining two projects of approximately RMB5.7 million.

FINANCIAL REVIEW

Revenue

For the Reporting Period, the Group's revenue was RMB6,787.4 million, representing a decrease of 15.5% from RMB8,034.6 million for the year ended December 31, 2016. This decrease was primarily due to the decreased revenue from property development.

Revenue from property development for the Reporting Period was RMB6,381.7 million, representing a decrease of 15.1% as compared to the year ended December 31, 2016. This decrease was primarily due to the uneven progress of project delivery and settlement for the year ended December 31, 2017.

Cost of Sales and Services

The Group's cost of sales and services decreased by 26.4% from RMB4,916.5 million in 2016 to RMB3,618.5 million in 2017. This decrease was primarily due to the decreased cost of property development.

The Group's cost of property development decreased by 25.2% from RMB4,642.0 million in 2016 to RMB3,471.5 million in 2017. This decrease was primarily due to the uneven progress of project delivery and settlement for the year ended December 31, 2017.

Gross Profit

For the Reporting Period, the Group's gross profit was RMB3,168.9 million, representing an increase of 1.6% from RMB3,118.1 million for the year ended December 31, 2016. During the Reporting Period, the gross profit margin increased by 7.9% from 38.8% for the year ended December 31, 2016 to 46.7%.

Gross profit of property development was RMB2,910.2 million for the Reporting Period, representing an increase of 1.4% from RMB2,871.2 million for the year ended December 31, 2016. During the Reporting Period, the gross profit margin of property development increased by 7.4% from 38.2% for the year ended December 31, 2016 to 45.6%.

Net Profit Attributable to owners of the Company

For the Reporting Period, the net profit attributable to owners of the Company was RMB1,749.8 million, representing an increase of 12.0% from RMB1,563.0 million for the year ended December 31, 2016.

Gain on Fair Value Change of Investment Properties

Gain on fair value change of investment properties increased by 12.2% from RMB851.9 million in 2016 to RMB955.7 million in 2017.

Other Gains and Losses

Other gains were RMB161.2 million for the Reporting Period, while other losses were RMB23.7 million for the year ended December 31, 2016.

Other Income

Other income increased by 336.6% from RMB20.2 million for the year ended December 31, 2016 to RMB88.2 million for the Reporting Period, which was mainly due to the recognised return on capital employed with associates and joint ventures for the year.

Selling Expenses

Selling expenses decreased by 25.3% from RMB260.8 million for the year ended December 31, 2016 to RMB194.9 million for the Reporting Period, primarily due to the decreased marketing agency fees caused by the gradual adjustment of marketing policy by the Group of self-selling instead of sales agents.

Administrative Expenses

Administrative expenses increased by 9.6% from RMB329.1 million for the year ended December 31, 2016 to RMB360.7 million for the Reporting Period.

Finance Costs

Finance costs increased by 56.7% from RMB126.8 million for the year ended December 31, 2016 to RMB198.7 million for the Reporting Period, primarily due to the increase in borrowings of the Group for the year ended December 31, 2017.

Income Tax Expenses

Income tax expenses increased by 19.8% from RMB1,274.7 million for the year ended December 31, 2016 to RMB1,527.6 million for the Reporting Period, primarily due to the increase of profit before taxation. The PRC enterprise income tax and land appreciation tax of the Group for the Reporting Period were RMB730.5 million and RMB797.1 million, respectively.

Total Comprehensive Income

Due to the above, the Group's total comprehensive income increased by 16.7% from RMB1,955.7 million for the year ended December 31, 2016 to RMB2,283.2 million for the Reporting Period.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash Position

As at December 31, 2017, the Group's cash, restricted bank deposits and bank balances were approximately RMB2,318.0 million, representing an increase of 52.4%, as compared to RMB1,520.9 million as at December 31, 2016.

Negative Net Operating Cash Flow

The Group recorded negative net operating cash flow in the amount of RMB3,240.4 million for the Reporting Period, as compared to a negative operating cash flow of RMB1,425.3 million for the year ended December 31, 2016. The Group's negative net cash flow from operating activities was primarily attributable to the increase of expenditure for land acquisition.

Net Gearing Ratio

The Group's net gearing ratio or net debt to equity ratio (being total interest bearing debt less bank balances, cash and restricted cash divided by total equity and multiplied by 100%) was 205% as at December 31, 2017, as compared to 156% as at December 31, 2016.

Borrowings

On March 21, 2017, the Company issued Senior Notes with an aggregated nominal value of US$300 million ("**2017 Senior Notes**") at face value. The 2017 Senior Notes were listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Further details of the 2017 Senior Notes are set out in note 38 to the condensed consolidated financial statements.

As at December 31, 2017, the Group had outstanding borrowings of RMB24,227.1 million, consisting of bank borrowings of RMB19,517.1 million and other borrowings which are trust financing arrangements of RMB4,710.0 million.

As at December 31, 2017, the outstanding amount of the Group's borrowings from trust financing arrangements accounted for 19.4% of the balance of the Group's total bank and other borrowings, compared to 1.9% as at December 31, 2016.

Charge over Assets

Some of the Group's borrowings are secured by properties held for/under development, properties held for sale, investment properties and prepaid lease payments as well as property, plant and equipment and restricted bank deposits, or combinations of the above. As at December 31, 2017, the assets pledged to secure certain borrowing granted to the Group amounted to RMB33,317.3 million.

Financial Guarantees and Contingent Liabilities

In line with market practice, the Group has entered into arrangements with various banks for the provision of mortgage financing to its customers. The Group does not conduct independent credit checks on the purchasers, but rely on credit checks conducted by relevant banks. As with other property developers in the PRC, the banks usually require the Group to guarantee its customers' obligation to repay the mortgage loans on the properties. The guarantee period normally lasts until the bank receives the strata-title building ownership certificate (分戶產權證) from the customer as security of the mortgage loan granted. As at December 31, 2017, the Group's outstanding guarantees in respect of the mortgages of its customers amounted to RMB7,662.5 million.

Save as disclosed in this report, the Group had no other material contingent liabilities as at December 31, 2017.

Foreign Exchange Risk

Almost all of the Group's operating activities are carried out in the PRC with most of the transactions denominated in Renminbi. In March 2017, the Company successfully issued US$300.0 million 7% senior notes due 2020 listed on the Stock Exchange. As a result of the issuance of such senior notes, the Group became exposed to foreign currency risk arising from the exposure of Renminbi against U.S. dollars.

In addition, Renminbi is not freely convertible into foreign currencies and the conversion of Renminbi into foreign currencies is subject to rules and regulations of the foreign exchange control promulgated by the PRC government. The Group does not have a foreign currency hedging policy. However, the Directors monitor the Group's foreign exchange exposure closely and may, depending on the circumstances and trend of foreign currency, consider adopting significant foreign currency hedging policy in the future.

Material Acquisition and Disposals and Significant Investments

Pursuant to a state-owned construction land use right grant contract signed on June 9, 2017 between an indirect subsidiary of the Company, Beijing Glory Xingye Real Estate Holding Limited* (北京國瑞興業房地產控股有限公司) ("**New Beijing Glory**"), and Beijing Municipal Planning and Land Resources Management Committee, New Beijing Glory won the bid for the land use right of a parcel of land in Yinghai Town of Daxing District in Beijing City measuring a total of 63,029.6 sq.m. for a total consideration of approximately RMB3.91 billion. The Group plans to develop residential and office products on such parcel of land.

Pursuant to a state-owned construction land use right grant contract signed on April 10, 2017 between an indirect subsidiary of the Company, Foshan Glory Xingye Real Estate Limited* (佛山市國瑞興業地產有限公司) ("**Foshan Glory**"), and the Bureau of Land Resources and Urban Planning of Foshan, Foshan Glory won the bid for the land use right of a parcel of land in Xiqiao Town (西樵鎮) of Nanhai District (南海區) in Foshan City (佛山市) measuring a total of 63,951.5 sq.m. for a total consideration of approximately RMB1.72 billion. The Group has obtained the construction land planning permit to such parcel of land on July 24, 2017. The Group plans to develop residential housing on such parcel of land.

On June 28, 2017, Qidong Glory Properties Limited* (啟東市國瑞置業有限公司) ("**Qidong Glory**"), an indirect subsidiary of the Company, entered into an asset transfer agreement with a third party company to transfer the Butterfly Hotel in Huilong Town (滙龍鎮), Qidong City (啟東市) to Qidong Glory for a total consideration of RMB412.0 million. Butterfly Hotel covers an area of approximately 64,000.0 sq.m. with the construction area of approximately 53,656.0 sq.m. under development.

On July 18, 2017, an indirect subsidiary of the Company, New Beijing Glory formed a consortium with two other independent third-party real estate companies and won the bid for the land use right of a land parcel in Xitieying Village (西鐵營村) of Fengtai District (豐台區) in Beijing (北京市) measuring a total of approximately 65,649.87 sq.m. for a total consideration of approximately RMB7.87 billion. New Beijing Glory holds a shareholding ratio of 20%. The land parcel is used for residential and commercial development and 54% area of it is for the purpose of self-occupied residential use.

* For identification purpose only.

On August 8, 2017, an indirect subsidiary of the Company, New Beijing Glory formed a consortium with two other independent third-party real estate companies and won the bid for the land use right of a land parcel in Cuihu Science and Technology Zone (翠湖科技園) of Haidian District (海澱區) in Beijing (北京市) measuring a total of 82,336.42 sq.m. for a total consideration of RMB5.98 billion. New Beijing Glory holds a shareholding ratio of 35%. The land parcel is used for residential development and 36% area of it is for the purpose of self-occupied residential use.

State Wealth Holdings Limited ("**State Wealth**"), being the Company's wholly-owned subsidiary, signed the cooperation agreement with Chaotuan International Investment Limited* (潮團國際投資有限公司) on November 20, 2017, subscribing for 611,111,111 shares in aggregate of Chaotuan International Investment Limited* at a consideration of HK$716,847,920 (RMB610,238,000), which represented 55% of equity interest in Chaotuan International Investment Limited* are held by State Wealth. Upon completion of the subscription, Chaotuan International Investment Limited* will become a subsidiary of the Company. For details, please see the announcement dated November 20, 2017 of the Company.

Save as disclosed in this report, the Group did not have any other material acquisition and disposal and significant investment during the Reporting Period.

Future Plans for Material Investments or Capital Assets

The Group will continue to invest in its property development projects and acquire suitable land parcels in selected cities, if it thinks fit. It is expected that internal resources and bank borrowings will be sufficient to meet the necessary funding requirements. Save as disclosed in this report and in the prospectus of the Company dated June 23, 2014 (the "**Prospectus**") the Group did not have any future plans for material investments or capital assets as at the date of this report.

Employees and Remuneration Policies

As at December 31, 2017, the Group had approximately 1,098 employees. For the Reporting Period, the Group incurred employee costs of approximately RMB347.2 million. Remuneration for the employees generally includes salary and performance-based quarterly bonuses. As required by applicable PRC laws and regulations, the Group participates in various employee benefit plans of the municipal and provincial governments, including housing provident funds, pension, medical, maternity, occupational injury and unemployment benefit plans.

* For identification purpose only

USE OF NET PROCEEDS FROM LISTING

The net proceeds from listing on the Stock Exchange (after deducting underwriting fees and related expenses) amounted to approximately HK$1,561.0 million. Since the date of listing and up to December 31, 2017, the Company had used approximately HK$150.0 million for the Company's general corporate and working capital purpose. The remaining of the net proceeds are applied in the manner consistent with that set out in the Prospectus.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

As at January 30, 2018, Beijing Guorui Hengxiang Real Estate Co., Ltd. (北京國瑞恒祥置業有限公司) ("**Guorui Hengxiang**"), an indirect subsidiary of the Company, formed a consortium with another independent third-party real estate company and won the bid for a land use right of a total of 27,200 sq.m. of land in Xiaowayao Village Lugouqiao Township Fengtai District Beijing (北京市豐台區盧溝橋鄉小瓦窑村) with a planned GFA of 140,000 sq.m. at a total consideration of approximately RMB3.125 billion. Guorui Hengxiang holds a shareholding ratio of 51%.

On March 2, 2018, the Company successfully issued US$250.0 million 10.2% senior notes due 2019 listed on the Stock Exchange. Further details of the issue of senior notes were disclosed in the announcements of the Company dated February 2, 2018, February 28, 2018 and March 2, 2018.

Save as disclosed in this report, there is no material post balance sheet event undertaken by the Company or by the Group after December 31, 2017.

FINAL DIVIDEND

The Board proposed the payment of a final dividend of HK8.07 cents per share, totalling HK$358,578,000 (equivalent to RMB300,000,000), for the Reporting Period to Shareholders whose names appear on the register of members of the Company on June 5, 2018. The proposed final dividend will be paid no later than June 20, 2018 after approval by Shareholders at annual general meeting of the Company.

DIRECTORS' AND SENIOR MANAGEMENT'S PROFILES

EXECUTIVE DIRECTORS

Mr. Zhang Zhangsun (張章笋) or Chairman Zhang, aged 61, is the founder of the Group and one of the Controlling Shareholders. Chairman Zhang also serves as executive Director, president and the chairman of the Nomination Committee of the Company and as chairman of Beijing Glory Xingye Real Estate Holding Limited* (北京國瑞興業房地產控股有限公司) ("**New Beijing Glory**"). Chairman Zhang has over 20 years of experience in real estate development, management and operation. He established our Group in April 1994 and has since led the Group in its development of real estate projects. Before he established our Group, Chairman Zhang used to work in the Shantou Commodities Bureau from 1980 to 1987. Chairman Zhang is also a member of the Chinese People's Political Consultative Committee of Beijing Municipality, a member of the standing committee of the Chinese People's Political Consultative Committee of Dongcheng District of Beijing, a representative of the National People's Congress of Shantou Municipality, an executive committee member and the vice chairman of Real Estate Chamber of Commerce of the All-China Federation of Industry and Commence and the chairman of Chaoshan Chamber of Commerce in Beijing. He graduated from high school in Shantou in July 1969.

Mr. Ge Weiguang (葛偉光), aged 53, serves as executive Director and vice president of the Company and as the director of New Beijing Glory. Mr. Ge joined the Group in September 2008 and has since served as vice president of Beijing Glory Xingye Real Estate Co., Ltd* (北京國瑞興業地產股份有限公司) ("**Original Beijing Glory**"). Before joining us, he successively served as the deputy section chief of Daxilin Iron Mine of Xilin Steel Group Co., Ltd.* (西林鋼鐵公司大西林鐵礦), a steel manufacturing company, from August 1984 to June 1990, primarily responsible for the financial management; the deputy section chief of Heilongjiang Aluminum Foil Factory* (黑龍江鋁箔廠), an aluminum processing company, from June 1990 to June 1992, primarily responsible for the financial management; the assistant to president and deputy chief accountant of Orient Holding Co., Ltd., a listed company on the Shanghai Stock Exchange (stock code: 600811) engaged in various businesses including, among others, banking and financing businesses and precious mineral resources exploration and extraction businesses, from June 1992 to September 1995, responsible for general management of the company's accounting and financing affairs; the vice president and chief financial officer of Jinzhou Port Co., Ltd., a listed company on the Shanghai Stock Exchange (A share stock code: 600190, B share stock code: 900952) mainly engaged in port and transportation businesses, from September 1995 to April 2001, primarily responsible for accounting, investment and financing and listing affairs; the vice president and chief financial officer of Jitong Network Communications Limited* (吉通通信網絡股份有限公司), a telecommunication company, from April 2001 to December 2002, primarily responsible for accounting, investment and financing and listing affairs; and the executive vice president of Oriental Garden Properties Limited* (東方家園置業有限公司), a building materials trading company, from December 2002 to April 2007, primarily responsible for assisting the president in the company's daily operation and management. Mr. Ge was awarded the qualification of accountant by the Metallurgical Industry Department of Heilongjiang Province in November 1991. He obtained a Bachelor's degree in industrial finance and accounting in August 1984 and a Master's degree in management science and engineering in July 1999 from Harbin Institute of Technology.

* For identification purpose only

Ms. Ruan Wenjuan (阮文娟), aged 39, the spouse of Chairman Zhang, serves as executive Director, vice president, a member of the Remuneration Committee, a member of the Internal Control Committee of the Company and as director of New Beijing Glory. Ms. Ruan joined the Group in January 2000 and was responsible for financial management related work in Shantou Garden Group Co., Ltd.* (汕頭花園集團有限公司) ("**Garden Group**"). She successively served as the financial manager and chief financial officer in Original Beijing Glory since 2004. In August 2006, Ms. Ruan was appointed as a director and vice president in Original Beijing Glory and was primarily responsible for the cost management and financial management affairs of our Group. Ms. Ruan completed the real estate EMBA program from Tsinghua University in September 2004.

Ms. Zhang Jin (張瑾), aged 34, the daughter of Chairman Zhang, serves as executive Director and vice president of the Company and as director of New Beijing Glory. Ms. Zhang joined the Group in August 2006 and served as the assistant to the chairman of Original Beijing Glory. Since August 2008, Ms. Zhang served as the vice president of Original Beijing Glory, primarily responsible for the management and operation of commercial properties. She is also the executive director of Beijing Glory Industrial Commercial Management Limited* (北京國瑞興業商業管理有限公司) ("**Glory Commercial Management**") and chairman of Beijing Yinhe Glory Commercial Investment Co., Ltd.* (北京銀和國瑞商業投資有限公司). Ms. Zhang graduated from Holmes Institute in Australia majoring in business administration in August 2007. She also participated in the international real estate advanced leadership program in Harvard University in May 2007, the globalized city and real estate operator course in The University of Hong Kong in January 2008 and the entrepreneur development program in globalization in University of Cambridge in April 2008. Ms. Zhang was awarded "China Real Estate Top Hundred Person" (中國房地產百傑) by CIHAF China Real Estate Mainstream Media Alliance (CIHAF中國房地產主流媒體聯盟) in 2008, "China Shopping Mall Centre Top Professional of Year 2010" (中國購物中心2010年度職業精英) by PURCHASING Union Mall Development Committee (中購聯購物中心發展委員會) in 2010 and "China Commercial Properties Influential Person" (中國商業地產影響力人物) by China Commercial Real Estate Industry Development Forum (中國商業地產行業發展論壇) in 2013. Ms. Zhang is also a vice chairman of Chamber of Commerce of Dongcheng District of Beijing, council of China Commercial Real Estate Association, vice chairman of China International SME Union and member of the Chinese People's Political Consultative Committee of Dongcheng District of Beijing.

* For identification purpose only

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Luo Zhenbang (羅振邦), aged 51, serves as independent non-executive Director, chairman of the Audit Committee, a member of the Remuneration Committee, a member of the Nomination Committee and a member of the Internal Control Committee of the Company. Mr. Luo was appointed as an independent non-executive Director of the Company on July 5, 2013. Mr. Luo is the director and managing partner of BDO China Shu Lun Pan CPAs. He has been an independent non-executive director of China Aerospace International Holding Limited (a company listed on the Stock Exchange, stock code: 00031) since December 2004, and an independent director of BII Railway (a company listed on the Stock Exchange, stock code: 1522) since November 2012, Xinjiang Goldwind Science & Technology Co., Ltd. (a company listed on the Stock Exchange (stock code: 2208) and Shenzhen Stock Exchange (stock code: 002202)) since June 2013 and Digital China Information Service Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 000555) since January 2014, respectively. Mr. Luo is also a member of internal audit team of Northeast Securities Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 000686). Mr. Luo used to worked successively in several accounting firms, namely Ningxia CPAs* (寧夏會計師事務所), Zhongzhou CPAs* (中洲會計師事務所), Zhong Tian Xin CPAs* (中天信會計師事務所) and Tianhua CPAs* (天華會計師事務所) before he joined BDO China Shu Lun Pan CPAs in May 2008. He also used to serve as a supervisor in China Cinda Asset Management Co., Ltd. from January 2001 to December 2002 and China Greatwall Asset Management Co., Ltd. from January 2003 to December 2004. He was also an independent director of Ningxia Zhongyin Cashmere Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 982) between 2001 to 2004, Long March Launch Vehicle Technology Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600879) between 2002 to 2008, Ningxia Orient Tantalum Industry Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 962) between 2002 to 2005, Wuzhong Instrument Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 862) between 2004 to 2005 and AVIC Heavy Machinery Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600765) between 2010 to 2011, respectively. Mr. Luo was awarded professional qualifications as a certified public accountant by the MOF in January 1995 and a certified accountant in securities and futures industry by the MOF and CSRC in July 1997. He graduated from the School of Business of Lanzhou in June 1991 majoring in Enterprise Management and obtained the Master's degree in enterprise management and innovation from the Australia National University in July 2007.

Mr. Lai Siming (賴思明), aged 60, serves as independent non-executive Director, chairman of the Remuneration Committee, a member of the Audit Committee and a member of the Nomination Committee of the Company. Mr. Lai was appointed as independent non-executive Director of the Company on July 5, 2013. Mr. Lai has been the member of the Royal Institution of Chartered Surveyors since June 1983 and the member of the Hong Kong Institute of Surveyors since August 1984. In April 1999, Mr. Lai became the fellow member of the Hong Kong Institute of Surveyors. Mr. Lai is a professional surveyor and has considerable experience in the property field. Between September 1980 to February 1994 and August 1997 to June 2002, Mr. Lai was working in Knight Frank (known as F.Y. Kan & Partners in 1980), an international property consultant firm, offering property consulting services. Mr. Lai is an independent non-executive director of Asia Commercial Holdings Limited (a company listed on the Stock Exchange, stock code: 104) since August 1998. Mr. Lai was also an independent non-executive director of The Sun's Group Limited (a company listed on the Stock Exchange, stock code: 988) from May 2002 to March 2003. Mr. Lai served as the Vice Chairman, General Practice Division of the Hong Kong Institute of Surveyors for two years (GPD Council 2001-2003). Mr. Lai obtained a Master's degree in business administration from The Chinese University of Hong Kong in November 2001.

* For identification purpose only

Ms. Chen Jingru (陳靜茹), aged 53, serves as independent non-executive Director, chairman of the Internal Control Committee and a member of the Audit Committee of the Company. Ms. Chen was appointed as independent non-executive Director of the Company on June 5, 2014. Ms. Chen is the global partner of DeHeng Law Offices. Ms. Chen has been working in DeHeng Law Offices since 1993 and has extensive experience in the corporate and securities aspects. Ms. Chen was awarded her professional qualification as a lawyer conferred by the Lawyer Qualification Committee of the PRC Ministry of Justice in March 1993. She obtained a Bachelor's degree majoring in law in July 1985 and a Master's degree majoring in law in December 1990 from Nankai University.

SENIOR MANAGEMENT

Mr. Dai Jie (戴傑), aged 49, serves as the vice president of the Company. Mr. Dai joined the Group in November 2011 and has successively served as the regional manager of Hainan Region and the director of the group operation and construction management center. Mr. Dai has more than 13 years of experience in development, operation and construction management. Before joining the Group, Mr. Dai successively served as the director of construction department of New World China Land (Beijing) Limited* (香港新世界中國地產有限公司北京公司) from December 2001 to June 2010, responsible for the project development; and deputy general manager of Beijing Xinjingrun Property Co., Ltd.* (北京新京潤房地產有限公司) from July 2010 to November 2011, responsible for project development. Mr. Dai was awarded the professional qualification as an engineer by China Railway Group Limited in June 2008. He obtained a Bachelor's degree in industrial and civil construction from Beijing University of Technology in July 1993.

Mr. Hao Zhenhe (郝振河), aged 63, serves as the vice president of the Company and as general manager of Langfang Glory Investment Co., Ltd.* (廊坊國瑞投資有限公司) ("**Langfang Glory**"). Mr. Hao joined the Group in July 2001 and has successively served as the head of the general office and head of the planning and development department of Original Beijing Glory, the general manager of Beijing Glory Property Services Co., Ltd*. (北京國瑞物業服務有限公司) ("**Glory Services**") and vice president of Original Beijing Glory. Before joining the Group, Mr. Hao worked at the International Liaison department of the Chinese Communist Party Central Committee from April 1971 to April 2001. Mr. Hao obtained a college degree in journalism from the college of journalism of All-China Journalists Association* (中國記協新聞學院) in July 1992.

Mr. Lin Yaoquan (林耀泉), aged 51, Chairman Zhang's brother-in-law, serves as the vice president of the Company. Mr. Lin joined the Group in August 2004 and has served as the vice president and regional manager of Shantou Region of Original Beijing Glory since 2009. Before joining the Group, Mr. Lin served as a clerk of the import and export department of Shantou Jinming Wujin Material Co., Ltd. (汕頭金明五金材料有限公司) ("**Jinming Wujin**") from April 1989 to May 1993, responsible for daily operation of the import and export department; the manager of the import and export department of Shantou Jinming Development Company* (汕頭金明發展公司) from June 1993 to February 1998, responsible for daily operation of the import and export department; general manager of Chaozhou Caitang Yaolong Stainless Steel Products Co., Ltd.* (潮州彩塘耀隆不銹鋼製品有限公司) from July 1998 to March 2004, responsible for overall management of this company. He has also been the general manager of Shantou Industrial Materials Exchange Center* (汕頭工業材料交易中心) since 2004 and the general manager of Shantou Guohong Construction Limited (汕頭市國宏建築有限公司) since 2010. Mr. Lin graduated from high school in Shantou.

* For identification purpose only

Mr. Lin Jianfei (林建飛), aged 51, serves as the vice president of the Company. Mr. Lin joined the Group in April 2005 and served as the assistant to the chairman and deputy general manager in Original Beijing Glory from April 2005 to April 2007. From April 2007 to December 2012, Mr. Lin resigned from the Group and served in the construction, development and management center of Eastern City of Shantou Economic Zone. In December 2012, Mr. Lin rejoined the Group and served as the vice president of Original Beijing Glory. Before joining the Group, he used to work in the urban planning department of Shantou, Guangdong Province from July 1998 to May 2005. Mr. Lin obtained a Bachelor's degree in city planning from Sun Yatsen University in July 1988.

Mr. Li Bin (李斌), aged 46, serves as the vice president of the Company and as the chairman of Beijing Glory. Mr. Li joined the Group in July 1997 and successively served as the procurement manager, sales manager and public relationship manager of Garden Group and the deputy general manager of Hainan Glory Real Estate Development Co., Ltd.* (海南國瑞房地產開發有限公司) ("**Hainan Glory**"). He has worked in Original Beijing Glory since 2002 and successively served as the secretary to the chairman and the assistant to the chairman. Mr. Li is also the vice chairman of Qianmen Branch of Dongcheng District of Beijing Federation of Industry & Commence, the member of the Youth Federation of Dongcheng District of Beijing, a director and deputy secretary-general of Chaoshan Chamber of Commerce in Beijing. Mr. Li completed business administration programme from International Business University of Beijing in July 2006.

Mr. Sun Xiaodong (孫曉東), aged 48, serves as the vice president of the Company. Mr. Sun joined the Group in 2014 and has over 10 years of experience in project management and real estate operation. Before joining the Group, Mr. Sun served in renowned property companies such as Tsinghua Tongfang Nuclear Technology Limited* (清華同方核技術股份有限公司), Longfor Properties Co., Ltd (龍湖地產有限公司) and HKI China Land (香江國際中國地產有限公司). Mr. Sun obtained a Bachelor's degree in business administration from Renmin University of China and held qualifications as a senior engineer, a PRC certified budgeting specialist and a real estate valuer.

Ms. Dong Xueer (董雪兒), aged 40, serves as the chief financial officer of the Company. Ms. Dong joined the Group in October 1997 and successively served as the general accountant in Shantou Glory Management Limited (汕頭國瑞企業管理有限公司) ("**Glory Management**") from October 1997 to January 2003, account officer in Original Beijing Glory from February 2003 to July 2008 and chief financial officer in Shenyang Dadongfang Property Development Co., Ltd.* (瀋陽大東方置業有限公司) ("**Shenyang Dadongfang**") from August 2008 to February 2010. Since March 2010, Ms. Dong has served as the chief financial officer in Original Beijing Glory, responsible for its overall financial management, including but not limited to fund management, loan management, asset management and accounting computations. Ms. Dong obtained a college degree in accounting from the University of International Business and Economics in July 2006.

Ms. Tian Yanchun (田燕春), aged 46, serves as the assistant to the Chairman of the Company. Ms. Tian joined the Group in April 2005 and successively served as the financial manager, chief financial controller, director of the auditing center, head of the bidding and procurement center of Original Beijing Glory, responsible for the bidding and procurement affairs. Before joining the Group, she served as the cost engineer in Beijing Vanke Co., Ltd.* (北京萬科企業有限公司), a real estate development company, from September 1998 to September 2004, responsible for cost management. Ms. Tian was awarded the qualification as a certified cost engineer by Beijing Municipal Bureau of Personnel in October 2005. She obtained a Bachelor's degree in civil defense engineering construction from Institute of Engineering Corps, PLA University of Science* (中國人民解放軍理工大學工程兵工程學院) in July 1994.

* For identification purpose only.

Ms. Liu Wenling (劉文玲), aged 45, serves as the vice president of the Company and joined the Group in February 2017. Ms. Liu is primarily responsible for tender procurement and cost management and has more than 10 years of experience of cost management in real estate company. Prior to joining the Group, Ms. Liu was responsible for the recruitment and cost management of several well-known real estate companies such as Jinmao Group, Minmetals Land Limited, Forte Group and Beijing Sunshine 100 Real Estate Group Co., Ltd. (北京陽光壹佰置業集團有限公司). She obtained a bachelor's degree in environmental engineering from East China University of Science and Technology in July 1995.

Mr. Yan Shuang (閆雙), aged 36, serves as the assistant to the Chairman of the Company. Mr. Yan joined the Group in March 2004 and has since successively served as various positions in our Group, namely the security head of Glory Xingye (Beijing) Industrial Co., Ltd.* (國瑞興業(北京)實業股份有限公司) ("**Glory Industrial**") from March 2004 to February 2005; the deputy general manager of Glory Services from February 2005 to September 2009; the deputy general manager of Beijing Glory Industrial Commercial Management Limited from September 2009 to March 2012; and the assistant to the chairman and the director of the president office of Original Beijing Glory since March 2012. Mr. Yan was awarded a certificate in property management in June 2011 by Beijing Municipal Commission of Housing and Urban-Rural Development. He is pursing a college degree in business administration at the School of Network and Continuing Education of Xidian University.

Ms. Zheng Jin (鄭瑾), aged 35, serves as the board secretary and joint company secretary of the Company. Ms. Zheng joined the Group in January 2010 and has served as the vice president of the capital and financial management center and the operation and construction management center of Original Beijing Glory since October 2010 and February 2013, respectively. Before joining the Group, she served as the assistant manager in KPMG Huazhen (special general partnership) from July 2007 to January 2010, responsible for auditing. Ms. Zheng was awarded the qualification as a certified public accountant by the Chinese Institute of Certified Public Accountants in August 2009. She obtained a Bachelor's degree in engineering management in July 2004 and a Master's degree in finance in June 2007 from Central University of Finance and Economics.

JOINT COMPANY SECRETARIES

Ms. Zheng Jin (鄭瑾), aged 35, serves as the Company's joint company secretary. Please refer to the section headed "Directors' and Senior Management's Profiles".

Ms. Kwong Yin Ping Yvonne (鄺燕萍), serves as our joint company secretary of the Company. Ms. Kwong is a vice president of SW Corporate Services Group Limited, a specialty corporate services provider focusing on the provision of listing company secretarial and compliance services. She holds a Degree in Accountancy from the Hong Kong Polytechnic University and is a fellow of The Hong Kong Institute of Chartered Secretaries and a fellow of The Institute of Chartered Secretaries and Administrators. Ms. Kwong has extensive experience in providing company secretarial and compliance services to numerous private and listed companies.

* For identification purpose only.

REPORT OF THE DIRECTORS

The Board is pleased to present its annual report and the audited consolidated financial statements of the Group for the Reporting Period.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries are property development, primary land construction and development services, property investment and management in China. An analysis of the Group's revenue for the Reporting Period by principal activities is set out in note 5 to the consolidated financial statements.

BUSINESS REVIEW

A review of the business and a discussion and analysis of the Group's performance for the Reporting Period and the material factors underlying its financial performance and financial position can be found in the "Management Discussion and Analysis" section on pages 199 to 215 in this annual report. An analysis of the Group's performance during the year using financial key performance indicators is set out on page 194 of this annual report. The above sections form part of this report. The financial risk management objectives and policies of the Group are set out in note 47 to the consolidated financial statements.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group recognizes its responsibility to protect the environment from its business activities. Being a real estate operator and developer in the PRC, the Group is subject to environmental laws and regulations set by the PRC national, provincial and municipal governments, including but not limited to laws and regulations on air and noise pollution and discharge of waste and water into the environment.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognizes the importance of compliance with regulatory requirements. The Group has been allocating system and staff resources to ensure ongoing compliance with rules and regulations and to maintain cordial working relationships with regulators through effective communications. For the Reporting Period, to the best knowledge of the Directors, the Group has complied with all of the relevant laws and regulations in the PRC and Hong Kong which have significant impact on the operations of the Group, including but not limited to the Company Law of the PRC, the Hong Kong Securities and Futures Ordinance (Cap. 571) and the Rules governing The Listing of Securities on The Stock Exchange of Hong Kong Limited ("**the Listing Rules**").

PRINCIPAL RISKS AND UNCERTAINTIES

Risk relating to the real estate industry in the PRC

The PRC government exerts considerable direct and indirect influence on the growth and development of the PRC real estate market through industry policies and other economic measures at the national, provincial, municipal and/or local level. The Group mainly operates in the PRC and such measures may affect the Group's financial condition or results of operations.

Risk relating to foreign exchange

Substantially all of the Group's revenues and expenditures are dominated in Renminbi, while any dividends the Group pays on its Shares will be in Hong Kong dollar. The value of Renminbi against the U.S. dollar or the Hong Kong dollar may fluctuate and is affected by, among other things, changes in political and economic conditions and China's foreign exchange regime and policy. The Group did not have any significant foreign currency transactions which would expose the Group to foreign exchange risk during the year. The Group has not taken any measures to hedge the foreign currency exposure but will review and monitor its foreign exchange exposure from time to time.

RELATIONSHIPS WITH STAKEHOLDERS

The Group's success also depends on the support from key stakeholders which comprise our Directors, senior management, employees, customers, suppliers, regulators and shareholders.

Directors, senior management and employees

Our success is attributable to the ongoing service, performance, expertise and experience of our Directors and senior management. Moreover, our qualified and skilled employees have further contributed to our continual success. Employees are regarded as the most important and valuable assets of the Group. The objective of the Group's human resources management is to reward and recognize performing staff by providing a competitive remuneration package and implementing a sound performance appraisal system with appropriate incentives, and to promote career development and progression by appropriate training and providing opportunities within the Group for career advancement.

Customers

The Group's principal customers are individual purchasers for residential properties and various types of corporations and other business entities for commercial properties. The Group is committed to provide quality services and products to customers while maintaining long-term profitability, business and earnings growth. Various means have been established to strengthen the communications between customers and the Group in the provision of excellent customer service.

Suppliers

Sound relationships with key suppliers of the Group are important in supply chain, premises or land parcels management, properties construction and meeting business challenges and regulatory requirements. The key suppliers of the Group comprise construction material and equipment suppliers, construction contractors and design firms.

Regulators

The Group operates in the real estate sector in the PRC which is regulated by the Ministry of Land and Resources, the Ministry of Housing and Urban-Rural Development, Beijing Municipal Commission of Urban Planning and other relevant regulators. It is the Group's desire to keep up to date and ensure compliance with new rules and regulations.

Shareholders

One of the corporate goals of the Group is to enhance corporate value to shareholders. The Group is poised to foster business developments for achieving the sustainability of earnings growth and rewarding shareholders by stable dividend payouts taking into account capital adequacy levels, liquidity positions and business expansion needs of the Group.

FUTURE BUSINESS DEVELOPMENTS

The future business developments are set out in the Chairman's Statement on pages 195 to 198 of this annual report. The Chairman's Statement forms part of this report.

SEGMENT INFORMATION

An analysis of the performance of the Group for the Reporting Period by principal activities is set out in note 5 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the Reporting Period are set out in the consolidated statement of profit or loss and other comprehensive income on page 260.

The Board proposed the payment of a final dividend of HK8.07 cents per share, totalling HK$358,578,000 (equivalent to RMB300,000,000), for the Reporting Period to shareholders whose names appear on the register of members of the Company on June 5, 2018. The proposed final dividend will be paid no later than June 20, 2018 after approval by Shareholders at annual general meeting of the Company.

On August 28, 2017, the Board declared an interim dividend of HK7.52 cents per share in cash amounting to HK$333,849,000 (equivalent to RMB300,000,000) in aggregate ("**Interim Dividend**"). The Interim Dividend declared was distributed to qualifying Shareholders on Friday, September 29, 2017.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed for the following periods:

(a) For the purpose of determining shareholders who are entitled to attend and vote at the forthcoming annual general meeting to be held on May 29, 2018 ("**AGM**"), the register of members of the Company will be closed on May 23, 2018 to May 29, 2018, both days inclusive. In order to qualify for attending and voting at the AGM, all transfer documents should be lodged for registration with Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, May 21, 2018.

(b) For the purpose of determining shareholders who qualify for the final dividend, the register of members of the Company will be closed on June 2, 2018 to June 5, 2018, both days inclusive. In order to qualify for the final dividend, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, June 1, 2018.

FINANCIAL SUMMARY

A summary of the financial results and of the assets, liabilities and equity of the Group for the last five financial years is set out on page 385 of this annual report. This summary does not form part of the audited consolidated financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of change during the Reporting Period in the share capital and share options of the Company are set out in note 39 and note 41, respectively, to the consolidated financial statements.

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

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the Reporting Period are set out in note 17 to the consolidated financial statements.

INVESTMENT PROPERTIES

Details of movements in the investment properties of the Group for the Reporting Period are set out in note 16 to the consolidated financial statements.

RESERVES

Details of movement in the reserves of the Group for the Reporting Period are set out in the consolidated statement of changes in equity on pages 263 to 265 of this annual report.

DISTRIBUTABLE RESERVES

As of December 31, 2017, the Company's distributable reserves was RMB493.5 million.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at December 31, 2017 are set out in note 36 to the consolidated financial statements.

PROFILES OF DIRECTORS AND JOINT COMPANY SECRETARIES

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

Executive directors:
Mr. Zhang Zhangsun (Chairman)
Mr. Ge Weiguang
Ms. Ruan Wenjuan
Ms. Zhang Jin

Independent non-executive directors:
Mr. Luo Zhenbang
Mr. Lai Siming
Ms. Chen Jingru

The executive directors and independent non-executive Directors are appointed for a period of three years.

Profiles of the Directors and the Joint Company Secretaries of the Company are set out on pages 216 to 219 and page 221 of this annual report. In accordance with the Company's articles of association, at the AGM, Mr. Zhang Zhangsun, Ms. Ruan Wenjuan and Mr. Lai Siming shall retire and being eligible, shall offer themselves for re-election.

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's articles of association, every Director, auditor or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities sustained by him/her as a Director, auditor or other officer of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his/her favor, or in which he/she is acquitted.

The Company has taken out and maintained directors' liability insurance throughout the year, which provides appropriate cover for the Directors of the Group. For the Reporting Period, no claim had been made against the Directors, auditors or officers of the Company.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his or her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive Directors meet the guidelines for assessing independence in accordance with Rule 3.13 of the Listing Rules for the Reporting Period.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years commencing from the date of Listing and may be terminated in accordance with the respective terms of the service contract.

Each of the independent non-executive Directors is appointed for initial term of three years commencing from the date of Listing and may be terminated in accordance with the respective terms of the appointment letter.

None of the Directors has a service contract with the Company which is not terminable by the Group within one year without payment of compensation, other than normal statutory compensation.

DIRECTORS' INTEREST IN COMPETING BUSINESS

Save as disclosed in this annual report, as at December 31, 2017, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or may compete with the businesses of the Group.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed for the Reporting Period.

EQUITY-LINKED AGREEMENTS

Saved as disclosed in the sections headed "Pre-IPO Share Option Scheme" and "Post-IPO Share Option Scheme" below, no equity-linked agreements were entered into by the Group, or existed for the Reporting Period.

MAJOR CUSTOMERS AND SUPPLIERS

For the Reporting Period, purchases from the Group's largest supplier accounted for approximately 10.6% of the Group's total purchases and the five largest suppliers of the Group accounted for less than 30% of the Group's total purchase in the year.

For the Reporting Period, sales to the Group's largest customer accounted for approximately 0.9% of the Group's total revenue and the five largest customers of the Group accounted for less than 30% of the Group's total revenue in the year.

None of the Directors of the Company or any of their close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers and suppliers.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at December 31, 2017, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or of any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she is taken or deemed to have under such provisions of the SFO) or which were required, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") were as follows:

(a) Interest in Shares of the Company

Name of Director	Nature of interest	Number of Shares	Approximate percentage of interest in the Company
Chairman Zhang[1]	Interest of a controlled corporation	3,716,382,300	83.639%
Ruan Wenjuan	Interest of a controlled corporation	3,716,382,300	83.639%

Note [1]: Alltogether Land Company Limited ("**Alltogether**") is wholly-owned by Chairman Zhang. As such, Chairman Zhang, through Alltogether, is indirectly interested in the Shares held by Alltogether. Further, as Ms. Ruan Wenjuan, an executive Director of the Company, is the spouse of Chairman Zhang. Ms. Ruan Wenjuan is also deemed to be interested in the Shares held by Alltogether under the SFO.

(b) Interest in the underlying Shares of the Company

Name of Director	Nature of interest	Number of Shares in the Company subject to options granted under the Pre-IPO Share Option Scheme	Approximate percentage of interest in the Company
Ge Weiguang	Beneficial owner	3,500,000	0.079%
Ruan Wenjuan*	Beneficial owner	3,500,000	0.079%
Zhang Jin	Beneficial owner	3,500,000	0.079%

* As Chairman Zhang is the spouse of Ms. Ruan Wenjuan, Chairman Zhang is deemed to be interested in the above underlying Shares held by Ms. Ruan Wenjuan.

(c) Interest in shares of associated corporation

Name of Director	Nature of interest	Name of associated corporation	Approximate percentage of shareholding
Chairman Zhang	Beneficial owner	Alltogether	100%

All interests in the shares and underlying shares of the Company and its associated corporation are long positions.

Save as disclosed above, as at December 31, 2017, none of the Directors, chief executive of the Company and their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange, pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS INTERESTS AND SHORT POSITION SHARES

As at December 31, 2017, the following persons had an interest or short position in Shares or underlying Shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 5% or more of the issued share capital of the Company, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

(a) Interest in Shares of the Company

Name of substantial shareholder	Nature of interest	Number of Shares	Approximate percentage of interest in the Company
Chairman Zhang[(1)]	Interest of a controlled corporation	3,716,382,300	83.639%
	Interest of a child under 18 or spouse	3,500,000	0.079%
Alltogether	Beneficial owner	3,716,382,300	83.639%

Note 1: Alltogether is wholly-owned by Chairman Zhang. As such, Chairman Zhang, through Alltogether, is indirectly interested in the Shares held by Alltogether. Further, as Ms. Ruan Wenjuan, an executive Director of the Company, is the spouse of Chairman Zhang, Chairman Zhang is deemed to be interested in the underlying shares held by Ms. Ruan Wenjuan. Ms. Ruan Wenjuan is also deemed to be interested in the Shares held by Alltogether under the SFO.

(b) Substantial shareholders of other members of the Group

No.	Name of shareholder	Name of member of the Group	Capacity	Approximate percentage of ownership held by the substantial shareholders
1	Shantou Longhu Huamu Market Co., Ltd.* (汕頭市龍湖花木市場有限公司)	New Beijing Glory	Beneficial Owner	20%
2	Shantou Longhu Huamu Market Co., Ltd.* (汕頭市龍湖花木市場有限公司)	Original Beijing Glory	Beneficial Owner	20%
3	Lin Yaoquan (林耀泉)	Shantou Construction Materials	Beneficial Owner	10%
4	Chaoan County Baoshan Investment & Development Co., Ltd.* (潮安縣寶山投資開發有限公司)	Chaoan County Meilin Lake Development & Construction Co., Ltd.* (潮州市潮安區梅林湖開發建設有限公司) ("**Chaoan Meilin**")	Beneficial Owner	40%
5	Xie Maolin (謝茂林)	Shantou Guohua	Beneficial Owner	25%
6	Ji Yongcai (紀永財)	Shantou Zhoucuowen	Beneficial Owner	15%
7	Shantou Liyi Real Estate Investment Co., Ltd.* (汕頭市利溢房地產投資有限公司)	Foshan Guohua Properties Co., Ltd.* (佛山市國華置業有限公司) ("**Foshan Guohua**")	Beneficial Owner	45%
8	Shenzhen Xiangrui Investment Co., Ltd.* （深圳市祥瑞投資有限公司）	Shenzhen Wanji	Beneficial Owner	20%
9	Shenzhen Dachaoshan Asset Management Co. Ltd.* （深圳市大潮汕資產管理有限公司）	Shenzhen Dachaoshan	Beneficial Owner	10%
10	Shenzhen Junpengxin Real Estate Co., Ltd （深圳市駿鵬鑫房地產有限公司）	Shenzhen Dachaoshan	Beneficial Owner	15%
11	Yao Xiaoli（姚曉麗）	Qidong Yujiangwan	Beneficial Owner	2%
12	Yao Shuobin（姚朔斌）	Qidong Yujiangwan	Beneficial Owner	8%
13	Chaotuan International Investment Limited* (潮團國際投資有限公司)	Chaotuan International Limited*(潮團國際有限公司) ("**Chaotuan International**")	Beneficial Owner	45%

* For identification purpose only

DIRECTORS' AND CONTROLLING SHAREHOLDERS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save for the transaction as disclosed in the section "Connected Transactions" below and the material related party transactions as disclosed in note 49 to the consolidated financial statements of this annual report, there were no other transactions, arrangements or contracts of significance in relation to the Group's business to which the Company's holding company or any of its subsidiaries was a party, and in which a Director or its connected entities or any of the controlling shareholders of the Company had a material interest (whether directly or indirectly) subsisting at the end of the year or at any time for the Reporting Period.

ISSUANCE OF SENIOR NOTES

On 14 March 2017, the Company and certain subsidiaries entered into the Purchase Agreement with Credit Suisse Securities (Europe) Limited, Morgan Stanley & Co. International plc, BOCI Asia Limited, China Merchants Securities (HK) Co., Ltd., China Securities (International) Corporate Finance Company Limited, Haitong International Securities Company Limited and VTB Capital plc in relation to the issue of US$300,000,000 7.00% senior notes due 2020. The estimated net proceeds of the Notes Issue, after deduction of underwriting discounts and commissions and other estimated expenses in connection with the Notes Issue, will amount to approximately US$295 million, which the Company intends to use for refinancing certain of the existing indebtedness of the Company and for general working capital purposes of the Company.

Further details on the issuance of senior notes were disclosed in the announcements of the Company dated March 8, 2017 and March 14, 2017.

CONNECTED TRANSACTIONS

With a strategic step to explore potential development in new cities, on 31 August 2017, Garden Group, an indirect wholly-owned subsidiary of the Company, signed six Subscription and Cooperation Agreements to make capital contributions in six Target Companies and cooperate in the projects of these six companies. Pursuant to these Subscription and Cooperation Agreements, Garden Group will make capital contributions in Guangdong Hongtai Guotong Real Estate Co., Ltd.* (廣州宏泰國通地產有限公司) ("**Guangdong Hongtai Guotong**"), Guangdong Guosha Real Estate Co., Ltd.* (廣東國廈地產有限公司) ("**Guangdong Guosha**"), Tianjin Tianfu Rongsheng Real Estate Development Co., Ltd.* (天津天富融盛房地產開發有限公司) ("**Tianjin Tianfu Rongsheng**"), Sanya Jingheng Properties Co., Ltd.* (三亞景恒置業有限公司) ("**Sanya Jingheng**"), Handan Guoxia Real Estate Development Co., Ltd.* (邯鄲市國夏房地產開發有限公司) ("**Handan Guoxia**") and Chongqing Guosha Real Estate Development Co., Ltd.* (重慶國廈房地產開發有限公司) ("**Chongqing Guosha**") (collectively, the "**Target Companies**") of RMB67.02 million, RMB11.37 million, RMB44.89 million, RMB67.13 million, RMB31.43 million and RMB12.08 million, respectively. Upon completion of the capital contributions, Garden Group will directly hold an equity interest of 10% in Guangdong Hongtai Guotong, Guangdong Guosha, Tianjin Tianfu Rongsheng, Sanya Jingheng, Handan Guoxia and Chongqing Guosha, respectively.

* For identification purpose only.

On the same day, Garden Group, Heshan Tengyue Real Estate Development Co., Ltd.* (鶴山市騰悅房地產開發有限公司) ("**Heshan Tengyue**"), Great Strong International Limited (強旺國際有限公司) ("**Great Strong International**") and Jiangmen Yinghuiwan Real Estate Co., Ltd.* (江門映暉灣房地產有限公司) ("**Jiangmen Yinghuiwan**") signed an Equity Acquisition and Cooperation Agreement, pursuant to which Garden Group will acquire an equity interest of 10% in Jiangmen Yinghuiwan from Heshan Tengyue at a consideration of RMB34.34 million and cooperate in the projects of Jiangmen Yinghuiwan.

Garden Group is an indirect wholly-owned subsidiary of the Company. The Target Companies are all companies indirectly or directly controlled by Mr. Zhang Zhangqiao and Heshan Tengyue is a company indirectly controlled by Mr. Zhang Zhangqiao. Mr. Zhang Zhangqiao is the younger brother of the Chairman Zhang. Therefore, pursuant to Chapter 14A of the Listing Rules, the Target Companies and Heshan Tengyue are all connected persons of the Company and the transactions under the six Subscription and Cooperation Agreements and the Equity Acquisition and Cooperation Agreement all constitute connected transactions of the Company. The applicable highest percentage ratio with respect to the transactions under the six Subscription and Cooperation Agreements and the Equity Acquisition and Cooperation Agreement, on an aggregation basis exceeds 0.1% but is less than 5%. Therefore, these transactions are subject to the announcement requirement under Chapter 14A of the Listing Rules but are exempted from the independent shareholders' approval requirement.

Further details of the connected transaction were disclosed in the announcement of the Company dated August 31, 2017.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Entering into the Property Management Services Framework Agreement with Beijing Glory Property Services Co., Ltd.* (北京國瑞物業服務有限公司) ("Glory Services")

On September 20, 2017, the Company and Glory Services entered into the Property Management Services Framework Agreement for the engagement of Glory Services by the Company to provide property management related services. Glory Services is a company controlled by Chairman Zhang. Therefore, pursuant to Chapter 14A of the Listing Rules, Glory Services is a connected person of the Company, and the transactions under the Property Management Services Framework Agreement constitute continuing connected transactions of the Company. Upon calculation, the applicable highest percentage ratio with respect to the transactions under the Property Management Services Framework Agreement exceeds 0.1% but is less than 5%. Therefore, these transactions are subject to the announcement requirement under Chapter 14A of the Listing Rules but are exempted from the independent shareholders' approval requirement. The total amount of fees charged by Glory Services to the Group for the year ended December 31, 2017 was RMB11.9 million which did not exceed the annual cap of the transactions for 2017 of RMB95 million.

Further details of the continuing connected transaction were disclosed in the announcement of the Company dated September 20, 2017.

* For identification purpose only.

Entering into six Commercial Management Services Agreements with the Commercial Management Services Group (as defined below)

On September 20, 2017, the members of the Group and Beijing Glory Industrial Commercial Management Limited* (北京國瑞興業商業管理有限公司), Foshan Yinhe Ruixing Commercial Management Co., Ltd.* (佛山市銀和瑞興商業管理有限公司) and Shenyang Guorui Xingda Enterprise Management Co., Ltd* (瀋陽國瑞興達企業管理有限公司) (collectively, the "**Commercial Management Services Group**") respectively entered into six Commercial Management Services Agreements for the engagement of the Commercial Management Services Group by the Group to provide commercial management related services.

The Commercial Management Services Group are all companies controlled by Ms. Zhang Jin and her associates. Ms. Zhang Jin is a Director of the Company and daughter of the Chairman Zhang. Therefore, pursuant to Chapter 14A of the Listing Rules, the Commercial Management Services Group are all connected persons of the Company, and the transactions under the six Commercial Management Services Agreements all constitute continuing connected transactions of the Company. Upon calculation on an aggregate basis, the applicable highest percentage ratio with respect to the transactions under the six Commercial Management Services Agreements exceeds 0.1% but is less than 5%. Therefore, these transactions are subject to the announcement requirement under Chapter 14A of the Listing Rules but are exempted from the independent shareholders' approval requirement. The total amount of fees charged by the Commercial Management Services Group to the Group for the year ended December 31, 2017 was RMB63.7 million which did not exceed the annual cap of the transactions for 2017 of RMB94.87 million.

Further details of the continuing connected transaction were disclosed in the announcement of the Company dated September 20, 2017.

INDEPENDENT NON-EXECUTIVE DIRECTORS AND AUDITORS' CONFIRMATIONS

The independent non-executive Directors have reviewed the above non-exempt continuing connected transactions and they have confirmed that the transactions are conducted (i) in the Company's ordinary and usual course of business (ii) on normal commercial terms (or terms no less favourable to the Company than terms available to or from independent third parties) and (iii) the terms are fair and reasonable and in the interest of the shareholders as a whole.

The Board confirmed that save as disclosed above, none of the related party transactions set out in note 49 to the consolidated financial statements constituted non-exempt connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules. Save as disclosed above, for the year ended December 31, 2017, the Group had not entered into any connected transactions or continuing connected transactions which are required to be disclosed in this annual report pursuant to the Listing Rules or not in compliance with Chapter 14A of the Listing Rules.

To comply with Rule 14A.56 of the Listing Rules, the Company's auditor has made reports on the Group's non-exempt continuing connected transactions and issued conclusion of the matters set out in Rule 14A.56 of the Listing Rules in respect of these transactions and confirmed that nothing come to their attention that causes them to believe the continuing connected transactions disclosed above:

(i) have not been approved by the Board;

(ii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and

(iii) have exceeded the annual cap.

NON-COMPETITION UNDERTAKING

Each of Mr. Zhang Zhangsun and Alltogether (the "**Controlling Shareholders**") has executed a deed of non-competition through which they have irrevocably and unconditionally warranted and undertaken to the Company not to, whether directly or indirectly or as principal or agent, and whether on his/its own account or with each other or in conjunction with or on behalf of any person, firm or company or through any entities (except in or through any subsidiary of the Company) engage in businesses that are in competition with the Group.

The Controlling Shareholders have confirmed in writing to the Company of their compliance with the deed of non-competition for disclosure in this annual report for the Reporting Period.

The independent non-executive Directors have also reviewed the compliance by each of the Controlling Shareholders with the undertakings in the deed of non-competition for the Reporting Period. The independent non-executive Directors have confirmed that, as far as they can ascertain, there is no breach by any of the Controlling Shareholders of the undertakings in the deed of non-competition given by them.

EMOLUMENT POLICY

A remuneration committee was set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and contributions, time commitment and responsibilities of the Directors and senior management and salaries paid by comparable companies.

The Company has adopted a pre-ipo share option scheme (the "**Pre-IPO Share Option Scheme**"), a post-ipo share option scheme (the "**Post-IPO Share Option Scheme**") and a share award scheme (the "**Share Award Scheme**") as incentive to eligible employees, details of the schemes are set out in the section headed "Pre-IPO Share Option Scheme", "Post-IPO Share Option Scheme"and "Share Award Scheme" below, respectively.

PRE-IPO SHARE OPTION SCHEME

The Company adopted the Pre-IPO Share Option Scheme on June 5, 2014 to enable the Company to encourage certain key employees to contribute to the Group for the long-term benefits of the Company and its Shareholders as a whole and provide the Group with a flexible means of either retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to its key employees.

The total number of Shares which may be issued upon the exercise of all options granted under the Pre-IPO Share Option Scheme is 67,076,800 Shares, representing approximately 1.51% of the issued share capital of the Company as at December 31, 2017. An offer of the grant of an option under the Pre-IPO Share Option Scheme shall remain open for acceptance for 28 days from the grant. An offer shall be accepted when the Company receive the duly signed offer letter together with a non-refundable payment of HK$1.00 (or such other sum in any currency as the Board may determine). Save for the options which have been granted on or before June 16, 2014, no further options has be granted under the Pre-IPO Share Option Scheme on or after the Listing Date (i.e. July 7, 2014) and the terms which govern such further grant of options are accordingly removed. The exercise price for any option granted under the Pre-IPO Share Option Scheme shall be 60% of HK$2.38. The share options granted will vest in three equal tranches on the first, second and third anniversary of the Listing Date (i.e. July 7, 2014), respectively. All share options will be expired after 7 years since the grant date. The validity period of the Pre-IPO Share Option Scheme will be 10 years from the adoption date of such scheme by the Shareholders on June 5, 2014.

As at December 31, 2017, options to subscribe for an aggregate of 67,076,800 Shares (representing approximately 1.51% of the issued share capital of the Company) were granted to 54 grantees under the Pre-IPO Share Option Scheme. A summary of the principal terms and conditions of the Pre-IPO Share Option Scheme and the particular of the outstanding options granted are set out in Appendix VIII to the Prospectus. Further details of the Pre-IPO Share Option Scheme are set out in note 41(ii) to the consolidated financial statements.

POST-IPO SHARE OPTION SCHEME

The Company adopted the Post-IPO Share Option Scheme on June 5, 2014 to enable the Company to grant options to any Director (including the independent non-executive Directors), full-time employee and consultant of the Group or any other eligible person who, in the Board's sole discretion, has contributed or will contribute to the Group (the "**Eligible Participants**") and provide the Group with a flexible means of either retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to the Eligible Participants. The purpose of the Post-IPO Share Option Scheme is to encourage the Eligible Participants to contribute to the Group for the long-term benefits of the Company and its Shareholders as a whole.

The total number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme or any other share option scheme adopted by the Company (including the Pre-IPO Share Option Scheme) shall not, in aggregate, exceed 10% of the total number of Shares in issue when the Post-IPO Share Option Scheme was adopted, unless with the prior approval from the Company's Shareholders. The maximum number of Shares in respect of which options may be granted under the Post-IPO Share Option Scheme to each eligible participant in any 12-month period up to the date of the grant shall not exceed 1% of Shares in issue, unless with the prior approval from the Company's Shareholders. Options granted to a Director, chief executive or substantial Shareholder of the Company or any of their respective associates shall be subject to the prior approval of the independent non-executive Directors. Where any option granted to a substantial Shareholder or an independent non-executive Director of our Company, or any of their respective associates, which would result in the Shares issued or to be issued upon exercise of all options already granted and to be granted to such person in the 12 month period, (i) representing in aggregate over 0.1% of the Shares in issue on the date of such grant; and (ii) having an aggregate value, based on the closing price of the Shares, in excess of HK$5 million, such grant of options shall be subject to the issue of a circular by the Company and prior approval of the Shareholders in general meeting on a poll at which all connected persons of the Company shall abstain from voting in favor. An offer of the grant of an option under the Post-IPO Share Option Scheme shall remain open for acceptance for 28 days from the date of grant. Upon acceptance of such grant, the grantee shall pay HK$1.00 (or such other sum in any currency as the Board may determine) to the Company as consideration. Options may be exercised in accordance with the terms of the Post-IPO Share Option Scheme and the terms of grant thereof at any time during the applicable option period, which is not more than ten years from the date of grant of option. The subscription price shall be determined by the Board, in its sole discretion, and in any event shall be no less than the higher of (i) the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities; (ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the date of grant; and (iii) the nominal value of the Shares. The validity period of the Post-IPO Share Option Scheme will be 10 years from the adoption date of such scheme by the Shareholders on June 5, 2014.

Pursuant to the Post-IPO Share Option Scheme, the Company has offered to certain Eligible Participants options to subscribe for an aggregate of 98,000,000 Shares (representing approximately 2.210% of the issued share capital of the Company). The first tranche of 49,000,000 Share options (representing approximately 1.105% of the issued share capital of the Company) was granted on October 27, 2015. As at December 31, 2015, in respect of the first tranche, certain performance conditions were not met and the first tranche lapsed. The second tranche of 49,000,000 Share options (representing approximately 1.105% of the issued share capital of the Company) was granted on March 23, 2016. In respect of the second tranche, certain performance conditions were not met and the second tranche has lapsed as at the date of this annual report. Further details of the Post-IPO Share Option Scheme are set out in note 41(ii) to the consolidated financial statements.

The total number of shares available for issue under the Share Option Scheme are 424,661,712, representing 9.55% of the total number of shares in issue of the Company as at the date of this annual report.

SHARE AWARD SCHEME

The Company adopted the Share Award Scheme on June 5, 2014 to recognize the contribution of certain of the Company's employees and officers, especially those whom the Company considered to have contributed to the early development and growth of the Group and to provide financial incentives to them to remain with the Group and strive for the future development and expansion of the Company. A summary of the principal terms and conditions of the Share Award Scheme is set out in Appendix VIII to the Prospectus. Further details of the Share Award Scheme are set out in note 41(i) to the consolidated financial statements.

Pursuant to the Share Award Scheme, a total of four Selected Persons (as defined below) were awarded Shares representing approximately 0.762% of the total issued share capital of the Company upon completion of its Listing (assuming the Over-allotment Option is not exercised and without taking into account any options granted under the Pre-IPO Share Option Scheme or may be granted under the Post-IPO Share Option Scheme). On June 10, 2014, Alltogether transferred a total of 33,617,700 Shares to TMF (Cayman) Ltd., a special purpose vehicle incorporated in the Cayman Islands, for the benefit of the Selected Persons.

As at December 31, 2017, a total of 33,617,700 Shares were granted to Mr. Lin Yaoquan (林耀泉), Mr. Wu Yilong (吳義隆), Ms. Zhang Miaoxiang (張妙香) and Ms. Zhang Chanjuan (張嬋娟) (collectively, the "**Selected Persons**"). No further Shares have been awarded under the Share Award Scheme for the year ended December 31, 2017.

Apart from Ms. Zhang Chanjuan, the other Selected Persons disclosed above are connected persons of the Group as defined in the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

As at December 31, 2017, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association, or the laws of Cayman Islands, which would oblige the Company to offer new shares on a prorate basis to existing shareholders.

CORPORATE GOVERNANCE

The Company is committed to maintaining the highest standard of corporate governance practices. The Company has complied with the code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules for the year ended December 31, 2017 with deviation from code provision A.2.1 which has already been stated in the Corporate Governance Report in this annual report. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 240 to 252 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

The Stock Exchange granted to the Company, at the time of its Listing in 2014, a waiver from strict compliance with Rule 8.08(1) of the Listing Rules (the "**Public Float Waiver**"). Pursuant to the Public Float Waiver, the Company's prescribed minimum percentage of shares which must be in the hands of the public must not be less than 15% of the total issued share capital of the Company. Based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained the prescribed amount of public float as required by the Public Float Waiver as at the date of this annual report.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

As at January 30, 2018, Beijing Guorui Hengxiang Real Estate Co., Ltd. (北京國瑞恒祥置業有限公司) ("**Guorui Hengxiang**"), an indirect subsidiary of the Company, formed a consortium with another independent third-party real estate company and won the bid for a land use right of a total of 27,200 sq.m. of land in Xiaowayao Village Lugouqiao Township Fengtai District Beijing (北京市豐台區盧溝橋鄉小瓦窑村) with a planned GFA of 140,000 sq.m. at a total consideration of approximately RMB3.125 billion. Guorui Hengxiang holds a shareholding ratio of 51%.

On March 2, 2018, the Company successfully issued US$250 million 10.2% senior notes due 2019 listed on the Stock Exchange. Further details of the issue of senior notes were disclosed in the announcements of the Company dated February 2, 2018, February 27, 2018 and March 2, 2018.

Save as disclosed in this report, there is no material post balance sheet event undertaken by the Company or by the Group after December 31, 2017.

CHARITABLE DONATIONS

For the Reporting Period, the Group made charitable and other donations in a total amount of RMB27.9 million.

AUDITOR

Deloitte Touche Tohmatsu has acted as auditor of the Company for the Reporting Period. Deloitte Touche Tohmatsu shall retire in the forthcoming AGM and, being eligible, will offer themselves for re-appointment. A resolution for the re-appointment of Deloitte Touche Tohmatsu as auditor of the Company will be proposed at the forthcoming AGM.

PROFESSIONAL TAX ADVICE RECOMMENDED

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

On behalf of the Board
Zhang Zhangsun
Chairman

Beijing, the PRC, March 28, 2018

CORPORATE GOVERNANCE REPORT

The Board is pleased to present this corporate governance report in the annual report of the Company for the Reporting Period.

CORPORATE GOVERNANCE PRACTICES AND OTHER INFORMATION

The Group is committed to maintaining high standards of corporate governance with a view to assure the conduct of management of the Company as well as protecting the interests of the Shareholders. The Company has always recognized the importance of the Shareholders' transparency and accountability.

The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. Under the current organization structure of the Company, Mr. Zhang Zhangsun ("**Chairman Zhang**") is the chairman of the Board and the president of the Company. The roles of both chairman and president being performed by the same person deviates from the CG Code. Chairman Zhang has been overseeing the Group's strategic planning, development, operation and management since the Group was founded. The Company believes that the vesting of the roles of chairman and president in Chairman Zhang is beneficial to the business operations of the Group and will not have a negative impact on the management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprise experienced and high caliber individuals. The Board currently comprises four executive Directors and three independent non-executive Directors, and therefore has fairly strong independence in its composition. Save as disclosed herein, the Company has complied with the code provisions as set out in the CG Code for the Reporting Period. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

THE BOARD

Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established four Board committees including the Audit Committee, the Remuneration Committee, the Nomination Committee and the Internal Control Committee (together, the "**Board Committees**"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference. The independent non-executive Directors possess respectively professional qualifications and related management experience in the areas of financial accounting, law and real estate and have contributed to the Board with their professional opinions.

The Board is also responsible for maintaining and reviewing the effectiveness of the internal control system of the Group. It has carried out reviews of the existing implemented system and procedures, including internal control measures of financial and operational compliance and risk management functions of the Group.

All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its Shareholders at all times.

The Company has arranged appropriate liability insurance to indemnify the Group's Directors for their liabilities arising out of corporate activities. The insurance coverage will be reviewed on an annual basis.

Board Composition

The Board currently comprises four executive Directors, namely Mr. Zhang Zhangsun, Mr. Ge Weiguang, Ms. Ruan Wenjuan and Ms. Zhang Jin, and three independent non-executive Directors, namely Mr. Luo Zhenbang, Mr. Lai Siming and Ms. Chen Jingru. The biographies of the Directors are set out under the section headed "Directors' and Senior Management's Profiles" of this annual report.

For the Reporting Period, the Board at all times met the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

Under Rule 3.10A of the Listing Rules, listed issuers are required to appoint independent non-executive Directors representing at least one-third of the Board. The Company has three independent non-executive Directors currently representing one-third of the Board and therefore the Company has complied with Rule 3.10A of the Listing Rules.

Under code provision A.5.6 of the CG Code, listed issuers are required to adopt a board diversity policy. The Company has adopted a board diversity policy and therefore complied with this code provision. A summary of the board diversity policy is set out under "Board Committees — Nomination Committee" below.

The Company has received written annual confirmation from each independent non-executive Director of his/her independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines as set out in the Listing Rules.

Ms. Ruan Wenjuan and Ms. Zhang Jin are, respectively, the spouse and daughter of Mr. Zhang Zhangsun, the Chairman and one of the Controlling Shareholders of the Company. Save as disclosed in this annual report, none of the Directors has any personal relationship (including financial, business, family or other material/relevant relationship) with any other Director.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee, the Nomination Committee and the Internal Control Committee.

With regards to the CG Code provision requiring directors to disclose to the issuer the number and nature of offices held in public companies or organizations and other significant commitments as well as their identity and an indication of the time involved, all the Directors have agreed to disclose their commitments and any change to the Company in a timely manner.

Directors' Training and Continuous Professional Development

All directors should keep abreast of the responsibilities as a director, and of the conduct and business activities of the Company. The Company is responsible for arranging and funding suitable induction programme and on-going training and professional development programme for the Directors. Accordingly, the Company will arrange an induction programme for any newly-appointed director before his/her formal appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and all relevant legal and regulatory requirements.

The Company also arranges regular seminars to provide all Directors with updates on the latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties. The Joint Company Secretaries from time to time update and provide written training materials relating to the roles, functions and duties of a Director and all the Directors are encouraged to study such materials.

For the Reporting Period, each of the Directors, namely Mr. Zhang Zhangsun, Mr. Ge Weiguang, Ms. Ruan Wenjuan, Ms. Zhang Jin, Mr. Luo Zhenbang, Mr. Lai Siming and Ms. Chen Jingru has attended a formal and comprehensive training. The Company has received confirmation from all Directors of their respective training records for the Reporting Period.

Chairman and President

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals. Under the current organization structure of the Company, Mr. Zhang Zhangsun is our Chairman of the Board and president. With extensive experience in the property industry, the Board considers that vesting the roles of chairman and president in the same person is beneficial to the business prospects and management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprise experienced and high caliber individuals. The Board currently comprises four executive Directors and three independent non-executive Directors and therefore has a fairly strong independence element in its composition.

Appointment and Re-Election of Directors

Each of the executive Directors has entered into a service agreement with the Company on July 6, 2017 for a term of three years and may be terminated in accordance with the respective terms of the service agreements.

Each of the independent non-executive Directors has signed a letter of appointment with the Company on July 6, 2017, for a term of three years.

None of the Directors has a service agreement which is not terminable by the Group within one year without payment of compensation (other than statutory compensation).

In accordance with the Company's articles of association (the "**Articles**"), one-third of the Directors for the time being shall retire from office by rotation at every annual general meeting of the Company and all Directors are subject to retirement by rotation at least once every three years. The Board shall have power from time to time and at any time to appoint any person as a director either to fill a casual vacancy or as an addition to the Board. Any director so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election of that meeting. Subject to the Articles and the Companies Law of the Cayman Islands, the Company may by ordinary resolution elect any person to be a director either to fill a casual vacancy or as an addition to the existing Directors. Any director so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

At the forthcoming AGM, Mr. Zhang Zhangsun, Ms. Ruan Wenjuan and Mr. Lai Siming, shall retire and being eligible, shall offer themselves for re-election accordingly.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles. The Nomination Committee is responsible for reviewing the Board composition, monitoring the appointment, re-election and succession planning of Directors.

Board Meetings

The Company adopted the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of not less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting. For other Board Committees meetings, reasonable notice is generally given. The agenda and accompanying Board papers are dispatched to the Directors or committee members at least three days before the meetings to ensure that they have sufficient time to review the papers and be adequately prepared for the meetings. When Directors or committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting. Minutes of meetings are kept by the Joint Company Secretaries with copies circulated to all Directors for information and records.

Minutes of the Board meetings and Board Committees meetings are recorded in sufficient detail the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board Committees meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting was held. The minutes of the Board meetings and Board Committees meetings are open for inspection by Directors.

For the Reporting Period, nine Board meetings were held and the attendance of the individual Directors at these meetings is set out in the table below:

Directors	**Attended/ Eligible to attend**
Mr. Zhang Zhangsun	9/9
Mr. Ge Weiguang	9/9
Ms. Ruan Wenjuan	9/9
Ms. Zhang Jin	9/9
Mr. Luo Zhenbang	9/9
Mr. Lai Siming	9/9
Ms. Chen Jingru	9/9

Model Code for Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries with all the Directors, each of the Directors has confirmed that he/she has complied with the Model Code for the Reporting Period.

Delegation by the Board

The Board reserves for its decision all major matters of the Company, including approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could have resources to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board.

Corporate Governance Function

The Board recognizes that corporate governance should be the collective responsibility of Directors and delegated the corporate governance duties to the Audit Committee which include:

(i) to formulate and review the Company's policy and practices on corporate governance and make recommendations to the Board;

(ii) to review and monitor the training and continuous professional development of directors and senior management;

(iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(iv) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and

(v) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

General Meetings

For the Reporting Period, one general meeting was held on May 26, 2017 and the attendance of the individual Directors at the meeting is set out in the table below:

Directors	Attended/ Eligible to attend
Mr. Zhang Zhangsun	1/1
Mr. Ge Weiguang	1/1
Ms. Ruan Wenjuan	1/1
Ms. Zhang Jin	1/1
Mr. Luo Zhenbang	1/1
Mr. Lai Siming	1/1
Ms. Chen Jingru	1/1

BOARD COMMITTEES

Nomination Committee

The Nomination Committee comprises three members, being one executive Director, namely Mr. Zhang Zhangsun (chairman), and two independent non-executive Directors, namely Mr. Luo Zhenbang and Mr. Lai Siming. Accordingly, the majority of them are independent non-executive Directors.

The main duties of the Nomination Committee include:

– to review the structure, size and composition of the Board and make recommendations regarding any proposed changes;

– to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

– to make recommendations to the Board on appointment or re-appointment of and succession planning for Directors; and

– to assess the independence of independent non-executive Directors.

The Nomination Committee will assess the candidate or incumbent on criteria such as integrity, experience, skill and ability to commit time and effort to carry out the duties and responsibilities. The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

With a view to enhancing Board effectiveness and corporate governance, the Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgment.

The Company adopted the Board Diversity Policy with measurable objectives. The Nomination Committee evaluates the balance and blend of skills, experience and diversity of perspectives of the Board. Selection of candidates is based on a range of diversity perspectives, including but not limited to age, cultural and educational background, professional and industry experience, skills, knowledge, ethnicity and other qualities essential to the Company's business, and merit and contribution that the selected candidates will bring to the Board. The Board will review such measurable objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

For the Reporting Period, one meeting of the Nomination Committee was held and the attendance record of the Nomination Committee members is set out in the table below:

Directors	**Attended/ Eligible to attend**
Mr. Zhang Zhangsun	1/1
Mr. Luo Zhenbang	1/1
Mr. Lai Siming	1/1

The Nomination Committee assessed the independence of the independent non-executive Directors and made recommendations to the Board on the appointment and re-appointment of Directors.

Remuneration Committee

The Remuneration Committee comprises three members, being two independent non-executive Directors, namely Mr. Lai Siming (chairman), and Mr. Luo Zhenbang, and being one executive Director, Ms. Ruan Wenjuan. Accordingly, the majority of them are independent non-executive Directors.

The main duties of the Remuneration Committee include:

(i) to make recommendations to the Board on the Company's policy and structure for the remuneration of all Directors and senior management of the Company and on the establishment of a formal and transparent procedure for developing remuneration policy;

(ii) to make recommendations to the Board on the remuneration of individual executive Directors and senior management, including benefits in kind, pension rights and compensations (including any compensation payable for loss or termination of office or appointment);

(iii) to make recommendations to the Board on the remuneration of non-executive Directors;

(iv) to ensure that no Director or any of his/her associates is involved in determining his/her own remuneration; and

(v) to consider salaries paid by comparable companies, time commitment and responsibilities, and employment terms for other positions of the Group.

The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

For the Reporting Period, one meeting of the Remuneration Committee was held and the attendance record of the Remuneration Committee members is set out in the table below:

Directors	Attended/ Eligible to attend
Mr. Lai Siming	1/1
Ms. Ruan Wenjuan	1/1
Mr. Luo Zhenbang	1/1

The Remuneration Committee discussed and reviewed the remuneration policy for all Directors and senior management of the Company, and made recommendations to the Board on the remuneration packages of individual executive and non-executive Directors and senior management.

Details of the remuneration by band of the eleven members of the senior management of the Company, whose biographies are set out on pages 219 to 221 of this annual report, for the Reporting Period are set out below:

Remuneration band (RMB'000)	Number of individual
700 to 1,000	1
1,000 to 1,500	7
above 1,500	3

Audit Committee

The Audit Committee comprises three independent non-executive Directors, namely Mr. Luo Zhenbang (chairman), Mr. Lai Siming and Ms. Chen Jingru. The main duties of the Audit Committee include:

– to monitor and review the financial statements, annual reports and accounts, half-year reports and quarterly reports (if any), and to review significant financial reporting judgments contained in them and to consider any significant or unusual items raised by the internal audit division or external auditor before submission to the Board;

– to review the relationship with the external auditor by reference to the work performed by the auditor, their fees and terms of engagement, and make recommendations to the Board on the appointment, re-appointment and removal of external auditor; and

– to review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures, including the adequacy of the resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

For the Reporting Period, two meetings of the Audit Committee were held and the attendance record of the Audit Committee members is set out in the table below:

Directors	**Attended/ Eligible to attend**
Mr. Luo Zhenbang	2/2
Mr. Lai Siming	2/2
Ms. Chen Jingru	2/2

The Audit Committee reviewed the financial reporting system, compliance procedures, internal control (including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting functions), risk management systems and processes and the re-appointment of the external auditor. The Board had not deviated from any recommendation given by the Audit Committee on the selection, appointment, resignation or dismissal of external auditor.

They also reviewed interim and final results of the Company and its subsidiaries for the fiscal year as well as the audit report prepared by the external auditor relating to accounting issues and major findings in the course of audit. There are proper arrangements for employees, in confidence, to raise concerns about possible improprieties in financial reporting, internal control and other matters. The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

Internal Control Committee

The Internal Control Committee comprises three members, being two independent non-executive Directors, namely Ms. Chen Jingru (chairman), Mr. Luo Zhenbang and being one executive Director, Ms. Ruan Wenjuan. Accordingly, the majority of them are independent non-executive Directors. The main duties of the Internal Control Committee include:

(i) to formulate and implement internal control handbook, policies and guidelines in relation to project management, cash flow management, capital management and internal audit procedures and make recommendations to the Board;

(ii) to monitor the Company's internal control status, including but not limited to project development, lease registration and non-compliant inter-company loans;

(iii) to develop and monitor the implementation of internal control communication channels between different departments within the Company to ensure their effectiveness; and

(iv) to review and discuss the solutions to regulatory, compliance and internal control related matters and report to the Board on a quarterly basis.

For the Reporting Period, two meetings of the Internal Control Committee were held and the attendance record of the Internal Control Committee members is set out in the table below:

Directors	Attended/ Eligible to attend
Ms. Chen Jingru	2/2
Mr. Luo Zhenbang	2/2
Ms. Ruan Wenjuan	2/2

The Internal Control Committee reviewed the Company's internal control status, internal audit policy and procedures, human resources policy and risk management system.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the remuneration of Directors and five highest paid employees have been set out in note 11 to the consolidated financial statements.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the Reporting Period in accordance with statutory requirements and applicable accounting standards, which give a true and fair view of the affairs of the Group and of its results and cash flows. The Directors also acknowledge their responsibilities to ensure that the financial statements of the Group are published in a timely manner.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company provides all members of the Board with monthly updates on Company's performance, positions and prospects.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the auditor of the Company regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on pages 254 to 259 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is the responsibility of the Board for maintaining adequate risk management and internal control systems to safeguard Shareholders' investments and Company's assets and reviewing the effectiveness of such systems on an annual basis. The Group has established a robust risk management and internal control framework, which consists of the Board, the Audit Committee, the Internal Control Committee and the Senior Management of the Group.

The Board, through the Audit Committee and Internal Control Committee, determines the nature and extent of risks that shall be taken in achieving the Group's strategic objectives, and has the overall responsibility for monitoring the overall effectiveness of risk management. The Group identifies key risks that would adversely affect the achievement of the Group's objectives, and assesses and prioritizes the identified risks according to a set of standard criteria. Risk mitigation plans are then established by the risk owners to manage the risk to acceptable level.

The Group's internal audit department plays a major role in monitoring the internal governance of the Company. The major tasks of the internal audit department are reviewing the financial conditions and internal control of the Company and conducting comprehensive audits of all subsidiaries of the Company on a regular basis.

The Board, through the Audit Committee and Internal Control Committee, has conducted a review of the effectiveness of the risk management and internal control systems covering all material controls, including financial, operational and compliance controls and risk management functions and, in particular, considering the adequacy of resources, staff qualifications and experience, training programs and budget of the Group's accounting and financial reporting function. Based on comments from the Audit Committee and Internal Control Committee, the Board considered such systems to be effective and adequate.

The Company takes the Guidelines on Disclosure of Inside Information issued by the Securities and Futures Commission of Hong Kong as the Company's basis of identification of inside information, to ensure the timely report of inside information to the executive directors and maintain communication with the Board. Meanwhile, the Company handles and disseminates the inside information according to the related policy to ensure that the inside information is kept confidential before being approved for dissemination and the relevant information will be released effectively and comformably.

AUDITORS' REMUNERATION

For the Reporting Period, the fees payable to the external auditor, Deloitte Touche Tohmatsu, was RMB2.5 million for audit services and RMB1.7 million for other services including but not limited to review of interim results and preliminary announcement.

JOINT COMPANY SECRETARIES

Ms. Zheng Jin, the Joint Company Secretary, is responsible for advising the Board on corporate governance matters and ensuring that the Board policy and procedures, and the applicable laws, rules and regulations are followed.

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company also engages Ms. Kwong Yin Ping, Yvonne, vice president of SW Corporate Services Group Limited (a company secretarial services provider), as its Joint Company Secretary to assist Ms. Zheng Jin to discharge her duties as company secretary of the Company. The primary corporate contact person at the Company is Ms. Zheng Jin, the Board Secretary and Joint Company Secretary.

For the Reporting Period, Ms. Zheng Jin and Ms. Kwong Yin Ping, Yvonne have undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognizes the importance of timely and non-selective disclosure of information, which will enable Shareholders and investors to make informed investment decisions.

The annual general meeting(s) of the Company provides opportunity for Shareholders to communicate directly with the Directors. The Chairman of the Company, and the chairmen of the Board Committees of the Company will attend the annual general meeting(s) to answer Shareholders' questions. The external auditor of the Company will also attend the annual general meeting(s) to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

To promote effective communication, the Company adopts a Shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and its Shareholders and maintains a website at www.glorypty.com, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at Shareholder meetings, including the election of individual Directors.

All resolutions put forward at Shareholder meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Stock Exchange and the Company in a timely manner after each Shareholder meeting.

Convening of extraordinary general meeting and putting forward proposals

Pursuant to article 12.3 of the Articles, general meetings shall be convened on the written requisition of any two or more members of the Company deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. General meetings may also be convened on the written requisition of any one member of the Company which is a recognised clearing house (or its nominee(s)) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionist, provided that such requisitionist held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company. As regards proposing a person for election as a Director, the procedures are available on the Company's website.

Enquiries to the Board

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to the principal place of business of the Company in Hong Kong at Suite 5103A, 51/F, Central Plaza, 18 Harbour Road, Hong Kong (email address: ir@glorypty.com).

CHANGE IN CONSTITUTIONAL DOCUMENTS

There is no significant change in constitutional documents of the Company during the Reporting Period.

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Zhang Zhangsun *(Chairman)*
Mr. Ge Weiguang
Ms. Ruan Wenjuan
Ms. Zhang Jin

Independent Non-Executive Directors

Mr. Luo Zhenbang
Mr. Lai Siming
Ms. Chen Jingru

JOINT COMPANY SECRETARIES

Ms. Zheng Jin (CPA)
Ms. Kwong Yin Ping, Yvonne (FCIS, FCS)

AUTHORIZED REPRESENTATIVES

Mr. Ge Weiguang
Ms. Zheng Jin

AUDIT COMMITTEE

Mr. Luo Zhenbang *(Committee Chairman)*
Mr. Lai Siming
Ms. Chen Jingru

REMUNERATION COMMITTEE

Mr. Lai Siming *(Committee Chairman)*
Ms. Ruan Wenjuan
Mr. Luo Zhenbang

NOMINATION COMMITTEE

Mr. Zhang Zhangsun *(Committee Chairman)*
Mr. Luo Zhenbang
Mr. Lai Siming

INTERNAL CONTROL COMMITTEE

Ms. Chen Jingru *(Committee Chairman)*
Ms. Ruan Wenjuan
Mr. Luo Zhenbang

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants

PRINCIPAL BANKERS

Industrial and Commercial Bank of China Limited
Agricultural Bank of China Limited
Bank of China Limited
China Construction Bank Corporation
Bank of Beijing Co., Ltd.

LEGAL ADVISORS

As to Hong Kong Law
Baker & McKenzie
14/F, Hutchison House
10 Harcourt Road
Hong Kong

REGISTERED OFFICE

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

CORPORATE HEAD OFFICE IN HONG KONG

Suite 5103A, 51/F, Central Plaza
18 Harbour Road
Hong Kong

CORPORATE HEADQUARTERS IN PEOPLE'S REPUBLIC OF CHINA

East Block, Hademen Plaza, 8-1#Chongwenmenwai Street
Dongcheng District
Beijing
PRC

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

LISTING INFORMATION

Share Listing
The Company's ordinary shares
The Stock Exchange of Hong Kong Limited
Stock Code: 02329

SENIOR NOTES LISTING

The Stock Exchange of Hong Kong Limited
Stock Code: 05408
Stock Code: 04437

WEBSITE

http://www.glorypty.com

INDEPENDENT AUDITOR'S REPORT

Deloitte. 德勤

TO THE SHAREHOLDERS OF GUORUI PROPERTIES LIMITED (INCORPORATED UNDER THE NAME OF "GLORY LAND COMPANY LIMITED (國瑞置業有限公司)" IN THE CAYMAN ISLANDS AND CARRYING ON BUSINESS IN HONG KONG AS "GUORUI PROPERTIES LIMITED")

OPINION

We have audited the consolidated financial statements of Guorui Properties Limited (incorporated under the name of "Glory Land Company Limited (國瑞置業有限公司)" in the Cayman Islands and carrying on business in Hong Kong as "Guorui Properties Limited") (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 260 to 384, which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
We identified the valuation of investment properties as a key audit matter because the valuation process is based on an estimation of future results, a set of assumptions and a determination of key inputs, which are judgmental. Any changes to these inputs may have a significant impact on the fair value. The management determined the fair value of the Group's investment properties at December 31, 2017 with the assistance of an external valuer. Details of the investment properties and the related key estimation uncertainty are set out in notes 16 and 4, to the consolidated financial statements, respectively.	Our procedures in relation to valuation of investment properties included: • Evaluating the competence, capabilities and objectivity of the external valuer engaged by the management. • Obtaining a copy of valuation report prepared by the external valuer and discussing with the external valuer to understand the basis of determination of valuation. • Challenging the external valuer the methodologies and judgments used in valuing the investment properties and obtaining the market evidence that the external valuer used to support the key inputs.

Key audit matter	How our audit addressed the key audit matter
Revenue from sales of properties We identified the revenue from sales of properties as a key audit matter due to the significance of the amount and volume of sales transactions recognized during the year. Details of revenue from sales of properties are set out in note 5 to the consolidated financial statements.	Our procedures in relation to revenue from sales of properties included: • Testing key internal controls over revenue recognition on a sample basis. • Selecting property sales transactions on a sample basis and: – reading the signed sales and purchase agreements to understand the relevant terms of the timing of property delivery and title transfer. – obtaining evidence regarding the property delivery and title transfer. – reconciling the monetary amounts of recorded transactions and related payments to the signed sales and purchase agreements.

OTHER INFORMATION

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

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

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

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

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is Mok Sau Fan.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

March 28, 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2017

	NOTES	Year ended December 31, 2017 RMB'000	2016 RMB'000
Revenue	5	**6,787,415**	8,034,581
Cost of sales and services		**(3,618,543)**	(4,916,491)
Gross profit		**3,168,872**	3,118,090
Other gains and losses	6	**161,185**	(23,671)
Other income	7	**88,241**	20,227
Gain on fair value change of investment properties		**955,743**	851,934
Selling expenses		**(194,915)**	(260,817)
Administrative expenses		**(360,684)**	(329,129)
Other expenses	8	**(45,676)**	(18,656)
Finance costs	9	**(198,683)**	(126,824)
Share of result of a joint venture		**(936)**	—
Share of result of associates		**(6,014)**	(727)
Profit before tax	10	**3,567,133**	3,230,427
Income tax expenses	12	**(1,527,622)**	(1,274,739)
Profit for the year		**2,039,511**	1,955,688
Other comprehensive income	13		
Items that will not be reclassified to profit or loss:			
Gain on revaluation of properties		**324,949**	—
Related income tax		**(81,237)**	—
Other comprehensive income for the year		**243,712**	—
Total comprehensive income for the year		**2,283,223**	1,955,688
Profit for the year attributable to:			
Owners of the Company		**1,749,841**	1,562,956
Non-controlling interests		**289,670**	392,732
		2,039,511	1,955,688
Total comprehensive income for the year attributable to:			
Owners of the Company		**1,944,811**	1,562,956
Non-controlling interests		**338,412**	392,732
		2,283,223	1,955,688
Earnings per share, in Renminbi cents:	14		
Basic		**39.46**	35.38
Diluted		**39.20**	35.04

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2017

	NOTES	At December 31, 2017 RMB'000	2016 RMB'000
Non-current assets			
Investment properties	16	18,308,269	16,674,500
Property, plant and equipment	17	850,258	198,468
Other non-current assets	18	1,053,778	794,099
Interest in a joint venture	19	9,064	—
Interest in associates	20	269,246	—
Available-for-sale investments	21	165,192	165,192
Prepaid lease payments	22	281,438	287,473
Deferred tax assets	23	404,235	290,533
Deposit paid for acquisition of projects under construction		120,000	—
Value-added tax and taxation recoverable		1,422,585	—
Restricted bank deposits	31	105,720	135,167
		22,989,785	18,545,432
Current assets			
Inventories		61	105
Deposits paid for land acquisition	24	605,010	365,010
Properties under development	25	23,626,222	19,005,089
Properties held for sale	27	3,408,156	3,118,955
Trade and other receivables, deposits and prepayments	28	1,082,946	803,477
Amounts due from customers for contract work	29	1,191,139	1,363,512
Value-added tax and taxation recoverable		500,477	125,267
Amounts due from related parties	49	2,928,197	5,000
Financial assets at fair value through profit or loss	30	97	97
Restricted bank deposits	31	620,761	151,499
Cash and bank balances	32	1,591,506	1,234,250
		35,554,572	26,172,261
Current liabilities			
Trade and other payables	33	5,585,713	6,029,313
Deposits received from sale of properties	34	3,308,339	2,680,425
Amounts due to related parties	49	893,229	225,513
Taxation payable	35	2,492,186	1,894,475
Bank and other borrowings - due within one year	36	11,625,399	2,877,489
Corporate bonds	37	2,992,645	—
		26,897,511	13,707,215
Net current assets		8,657,061	12,465,046
Total assets less current liabilities		31,646,846	31,010,478

	NOTES	At December 31, 2017 RMB'000	2016 RMB'000
Non-current liabilities			
Other payables	33	89,393	77,794
Bank and other borrowings - due after one year	36	12,601,665	13,030,378
Corporate bonds	37	997,006	3,980,214
Deferred tax liabilities	23	2,425,425	2,111,242
Senior notes	38	1,940,948	—
		18,054,437	19,199,628
Net assets		13,592,409	11,810,850
Capital and reserves			
Share capital	39	3,519	3,513
Reserves		10,898,692	9,480,344
Equity attributable to owners of the Company		10,902,211	9,483,857
Non-controlling interests		2,690,198	2,326,993
Total equity		13,592,409	11,810,850

The consolidated financial statements on pages 260 to 384 were approved and authorised for issue by the Board of Directors on March 28, 2018 and are signed on its behalf by:

DIRECTOR	DIRECTOR
Ge Weiguang	**Ruan Wenjuan**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2017

	Attributable to owners of the Company											
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Other reserve RMB'000 (note i)	Equity-settled share-based payment reserve RMB'000 (note 41)	Treasury shares reserve RMB'000	Statutory surplus reserve RMB'000 (note ii)	Property revaluation reserve RMB'000	Retained earnings RMB'000	Subtotal RMB'000	Attributable to non-controlling interests RMB'000	Total RMB'000
At January 1, 2016	3,511	1,033,470	133,379	(42,258)	59,368	(37,495)	673,320	–	6,296,201	8,119,496	1,808,474	9,927,970
Profit and total comprehensive income for the year	–	–	–	–	–	–	–	–	1,562,956	1,562,956	392,732	1,955,688
Appropriate to reserve	–	–	–	–	–	–	182,673	–	(182,673)	–	–	–
Dividend declared to the shareholders of the Company	–	(206,000)	–	–	–	–	–	–	–	(206,000)	–	(206,000)
Dividend declared to the non-controlling equity holders of subsidiaries	–	–	–	–	–	–	–	–	–	–	(180,000)	(180,000)
Acquisition of subsidiaries (note 42)	–	–	–	–	–	–	–	–	–	–	224,461	224,461
Recognition of equity-settled share-based payments (note 41)	–	–	–	–	19,453	–	–	–	–	19,453	–	19,453
Exercise of share options (note 41)	2	6,211	–	–	(2,289)	–	–	–	–	3,924	–	3,924
Shares vested under share award scheme (note 41)	–	–	–	–	(18,747)	18,747	–	–	–	–	–	–
Capital injection by non-controlling equity holders of subsidiaries (note iii)	–	–	–	–	–	–	–	–	–	–	15,000	15,000
Deemed contribution from owner of the Company (note iv)	–	–	–	283	–	–	–	–	–	283	71	354
Disposal of partial equity interest in a subsidiary to non-controlling equity holders of subsidiaries (note v)	–	–	–	(10,778)	–	–	–	–	619	(10,159)	110,159	100,000
Acquisition of non-controlling interest (note v)	–	–	–	(5,848)	–	–	–	–	(248)	(6,096)	(43,904)	(50,000)
At December 31, 2016	3,513	833,681	133,379	(58,601)	57,785	(18,748)	855,993	–	7,676,855	9,483,857	2,326,993	11,810,850

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2017

	Attributable to owners of the Company											
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Other reserve RMB'000 (note i)	Equity-settled share-based payment reserve RMB'000 (note 41)	Treasury shares reserve RMB'000	Statutory surplus reserve RMB'000 (note ii)	Property revaluation reserve RMB'000	Retained earnings RMB'000	Subtotal RMB'000	Attributable to non-controlling interests RMB'000	Total RMB'000
December 31, 2016	3,513	833,681	133,379	(58,601)	57,785	(18,748)	855,993	–	7,676,855	9,483,857	2,326,993	11,810,850
Profit for the year	–	–	–	–	–	–	–	–	1,749,841	1,749,841	289,670	2,039,511
Other comprehensive income for the year (note 13)	–	–	–	–	–	–	–	194,970	–	194,970	48,742	243,712
Appropriate to reserve	–	–	–	–	–	–	231,548	–	(231,548)	–	–	–
Dividend declared to the shareholders of the Company	–	(540,000)	–	–	–	–	–	–	–	(540,000)	–	(540,000)
Dividend declared to the non-controlling equity holders of subsidiaries	–	–	–	–	–	–	–	–	–	–	(236,000)	(236,000)
Acquisition of subsidiaries (note 42)	–	–	–	–	–	–	–	–	–	–	73,646	73,646
Recognition of equity-settled share-based payments (note 41)	–	–	–	–	5,206	–	–	–	–	5,206	–	5,206
Exercise of share options (note 41)	6	12,334	–	–	(4,574)	–	–	–	–	7,766	–	7,766
Shares vested under share award scheme (note 41)	–	–	–	–	(18,748)	18,748	–	–	–	–	–	–
Disposal of partial equity interest in a subsidiary to non-controlling equity holders of subsidiaries (note vi)	–	–	–	571	–	–	–	–	–	571	187,147	187,718
At December 31, 2017	3,519	306,015	133,379	(58,030)	39,669	–	1,087,541	194,970	9,195,148	10,902,211	2,690,198	13,592,409

Notes:

(i) Other reserve mainly represents the differences between the amount by which non-controlling interests are adjusted and the fair value of consideration paid or received when the Group (as defined in note 1) acquired or disposed of partial interests in existing subsidiaries and capital contribution from non-controlling equity holders of subsidiaries.

(ii) In accordance with the Articles of Association of all subsidiaries established in the People's Republic of China ("PRC"), those subsidiaries are required to transfer 10% of the profit after taxation to the statutory surplus reserve until the reserve reaches 50% of the registered capital. Transfer to this reserve must be made before distributing dividends to equity holders. The statutory surplus reserve can be used to make up for previous years' losses, expand the existing operations or convert into additional capital of the subsidiaries.

(iii) The non-controlling equity holders of Shenzhen Dachaoshan Real Estate Development Ltd. 深圳市大潮汕建設有限公司 ("Shenzhen Dachaoshan") have increased their share capital amounting to RMB15,000,000 in 2016.

(iv) Beijing Glory Property Services Co., Ltd. 北京國瑞物業服務有限公司 ("Glory Services") is an 80% indirectly owned subsidiary of Guorui Properties Limited (the "Company"). In 2016, Beijing Glory Real Estate (Holding) Co., Ltd (北京國瑞興業房地產控股有限公司) ("New Beijing Glory") disposed of the entire 100% equity interest in Glory Services to Shenzhen Glory Industrial Development Co., Ltd. 深圳國瑞興業發展有限公司 ("Shenzhen Glory Industrial"), a related party controlled by Mr. Zhang Zhangsun. The gain on disposal of the subsidiary amounted to RMB283,000 were recognized as a deemed contribution from owner of the Company.

(v) On May 30, 2016, the Group has disposed of 12.5% equity interest in Shenzhen Wanji Pharmaceutical Co., Ltd. 深圳萬基藥業有限公司 ("Shenzhen Wanji") to an independent third party at a consideration of RMB100,000,000. In August 2016, the Group entered into an agreement with another independent third party for the acquisition of 5% equity interest in Shenzhen Wanji for a total cash consideration of RMB50,000,000.

(vi) On December 21, 2017, the Group has renegotiated and entered into a supplementary agreement with the Vendors (as defined in Note 42 (d) to dispose of 10% equity interest of Qidong Yujiangwan Investment Management Co., Ltd. 啟東禦江灣投資管理有限公司 ("Qidong Yujiangwan") at a consideration of RMB 187,718,000. The gain on disposal of partial equity interest in a subsidiary to non-controlling interest amounted to RMB 571,000 were recognized as other reserve.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2017

	Year ended December 31,	
	2017	2016
	RMB'000	RMB'000
OPERATING ACTIVITIES		
Profit before tax	**3,567,133**	3,230,427
Adjustments for:		
Finance costs	**198,683**	126,824
Interest income	**(79,965)**	(6,588)
Exchange differences	**(161,278)**	—
Depreciation of property, plant and equipment	**31,715**	31,892
Amortization of intangible assets	**1,492**	1,163
Release of prepaid lease payments	**6,035**	6,035
Changes in fair value of investment properties	**(955,743)**	(851,934)
Loss on disposal of property, plant and equipment	**93**	3
Reversal of allowance on doubtful receivables, net	**—**	(624)
Share of result of associates	**6,014**	727
Share of result of a joint venture	**936**	—
Share-based payment expense	**4,171**	15,534
Operating cash flows before movements in working capital	**2,619,286**	2,553,459
Increase in properties under development and properties held for sale	**(5,326,204)**	(7,526,712)
(Increase) decrease in prepayment/deposits paid for land acquisition	**(240,000)**	2,564,838
Decrease (increase) in inventories	**44**	(48)
(Increase) decrease in trade and other receivables	**(259,558)**	56,008
Increase in amount due from related parties	**(21,277)**	—
Increase (decrease) in amounts due to related parties	**8,833**	(20,676)
Increase in trade and other payables	**194,658**	882,984
Increase in deposits received from sale of properties	**627,914**	1,068,726
Decrease (increase) in amounts due from customers for contract work	**221,463**	(89,621)
Increase in restricted bank deposits	**(198,753)**	(48,320)
Cash used in operations	**(2,373,594)**	(559,362)
Income tax and land appreciation tax paid	**(866,780)**	(865,932)
Net cash used in operating activities	**(3,240,374)**	(1,425,294)

	NOTE	Year ended December 31, 2017 RMB'000	2016 RMB'000
INVESTING ACTIVITIES			
Interest received		6,822	6,588
Proceeds on disposal of property, plant and equipment		191	51
Proceeds on disposal of investment properties		—	29,794
Purchase of property, plant and equipment, intangible assets		(476,630)	(78,127)
Payments for investment properties		(633,501)	(507,843)
Net cash inflow (outflow) arising on acquisition of subsidiaries	42	15	(1,886,761)
Payment of consideration payable for acquisition of subsidiaries in prior year		(599,150)	(21,500)
Net cash outflow on disposal of subsidiaries		—	(17,816)
Investment in a joint venture		(10,000)	—
Proceeds from disposal of financial products		—	70,000
Advance to related parties		(3,668,757)	—
Repayment from related parties		839,980	1,063
Withdrawal of other restricted bank deposits		66,234	7,953
Placement of other restricted bank deposits		(307,296)	(126,715)
Net cash used in investing activities		(4,782,092)	(2,523,313)

	Year ended December 31, 2017 RMB'000	2016 RMB'000
FINANCING ACTIVITIES		
New bank loans raised	8,153,986	9,117,454
New other loans raised	4,760,000	—
Repayment of bank loans	(4,244,789)	(3,698,237)
Repayment of other loans	(350,000)	(1,809,475)
Advance from related parties	8	10,417
Repayment to related parties	(3,065)	(3,000)
Proceeds on issue of corporate bonds	—	1,000,000
Transaction cost paid for corporate bonds	—	(4,720)
Proceeds on issue of senior notes	2,072,130	—
Issue cost paid for senior notes	(31,082)	—
Interest paid	(1,655,266)	(1,136,421)
Exercise of share options	7,766	3,924
Dividends paid to shareholders of the Company	(108,966)	(38,348)
Dividends paid to non-controlling equity holders of subsidiaries	(221,000)	(180,000)
Acquisition of non-controlling interest	—	(50,000)
Capital injection from non-controlling equity holders of subsidiaries	—	15,000
Net cash from financing activities	8,379,722	3,226,594
Net increase (decrease) in cash and cash equivalents	357,256	(722,013)
Cash and cash equivalents at beginning of the year	1,234,250	1,956,263
Cash and cash equivalents at end of the year, represented by bank balances and cash	1,591,506	1,234,250

1. GENERAL

The Company was incorporated in the Cayman Islands under the name of "Glory Land Company Limited (國瑞置業有限公司)" as an exempted company with limited liability under the Company Laws (2012 Revision) of the Cayman Islands on July 16, 2012 which carries on business in Hong Kong as "Guorui Properties Limited". Its parent and ultimate holding company is Alltogether Land Company Limited (通和置業有限公司) ("Alltogether Land"), a company incorporated in the British Virgin Islands. Mr. Zhang Zhangsun, who hold 100% equity interests of Alltogether Land is the ultimate shareholder of the Company. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is located at East Block, Hademen Plaza, 8-1#Chongwenmenwai Street, Dongcheng District, Beijing, the PRC.

On July 7, 2014, the Company completed the global offering and its shares were listed on the mainboard of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company and its subsidiaries (collectively the "Group") are principally engaged in property development, primary land construction and development services, property investment and property management and related services.

The consolidated financial statements are presented in Renminbi ("RMB"), the currency of the primary economic environment in which the group entities operate (the functional currency of the group entities).

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Amendments to IFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board (the "IASB") for the first time in the current year.

Amendments to IAS 7	Disclosure Initiative
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealized Losses
Amendments to IFRS 12	As part of the Annual Improvements to IFRS Standards 2014-2016 Cycle

Except as described below, the application of the amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to IAS 7 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

A reconciliation between the opening and closing balances of these items is provided in note 52. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in note 52, the application of these amendments has had no impact on the Group's consolidated financial statements.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (continued)

New and revised IFRSs in issue but not yet effective

The Group has not early applied the following new and revised IFRSs, including Interpretations, which have been issued but are not yet effective:

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers and the related Amendements[1]
IFRS 16	Leases[2]
IFRS 17	Insurance Contracts[4]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[1]
IFRIC 23	Uncertainty over Income Tax Treatments[2]
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts[1]
Amendments to IFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 19	Plan Amendments, Curtailment or Settlement[2]
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to IAS 28	As part of the Annual Improvements to IFRS Standards 2014- 2016 Cycle[1]
Amendments to IAS 40	Transfers of Investment Property[1]
Amendments to IFRSs	Annual Improvements to IFRS Standards 2015-2017 Cycle[2]

1 Effective for annual periods beginning on or after January 1, 2018
2 Effective for annual periods beginning on or after January 1, 2019
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after January 1, 2021

Except for the new and amendments to IFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRSs and Interpretations will have no material impact on consolidated financial statements in the foreseeable future.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (continued)

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

In 2016, IASB issued *Clarifications to IFRS 15* in relation to the identification of performance obligation, principal versus agent consideration, as well as licensing application guidance.

The directors of the Company have assessed the impact on application of IFRS 15. Based on the existing contracts and arrangements, they did not anticipate a material impact on timing and amount of revenue recognized by the Group. However, application of IFRS 15 may have impact on the following areas: Currently, the Group expensed off the costs associated with obtaining the sales of properties contracts with customers. Under the requirement of IFRS 15, incremental costs of obtaining a contract is eligible for capitalization as deferred contract costs if they meet certain criteria. In the pre-completion sales of properties held for sale, when payments are made before the properties held for sales are delivered to the customer, the customer may be providing the Group with a benefit of financing. The Group will not adjust the promised amount of customer consideration if the effects of the financing component will not materially change the amount of revenue at a contract level or it was subject to the exemption where the period between payment and transfer of properties will be less than one year. Otherwise, the Group will adjust the promised amount and recognize revenue at the cash selling price in accordance with the requirement of IFRS 15.

In addition, the application of IFRS 15 in the future may result in more disclosures in the consolidated financial statements.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (continued)

IFRS 9 *Financial Instruments*

IFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of IFRS 9 which are relevant to the Group are:

- All recognized financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income. All other financial assets are measured at their fair values at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39 *Financial Instruments: Recognition and Measurement*. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

Based on the Group's financial instruments and risk management policies as at December 31, 2017, the directors of the Company anticipate the following potential impact on initial application of IFRS 9:

Classification and measurement:

Equity securities classified as available-for-sale investments carried at cost less impairment as disclosed in note 21: these securities are qualified for designation as measured at fair value through other comprehensive income under IFRS 9 and the Group will measure these securities at fair value at the end of subsequent reporting periods with fair value gains or losses to be recognized as other comprehensive income and accumulated in the investments revaluation reserve. Upon initial application of IFRS 9, the fair value gain relating to these securities would be adjusted to investments revaluation reserve as at January 1, 2018.

All other financial assets and financial liabilities will continue to be measured on the same bases as are currently measured under IAS 39.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (continued)

IFRS 9 *Financial Instruments* (continued)

Impairment

In general, the directors of the Company anticipate that the application of the expected credit loss model of IFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortized costs and other items that subject to the impairment provisions upon application of IFRS 9 by the Group.

Based on the assessment by the directors of the Company, if the expected credit loss model was to be applied by the Group, the accumulated amount of impairment loss to be recognized by Group as at January 1, 2018 would not be significantly increased as compared to the accumulated amount recognized under IAS 39 mainly attributable to expected credit losses provision on trade and other receivables, deposits and amounts due from related parties. Such further impairment recognized under expected credit loss model would reduce the opening retained earnings and increase the deferred tax assets at January 1, 2018.

IFRS 16 *Leases*

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede IAS 17 *Leases* and the related interpretations when it becomes effective.

IFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognized for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest expense and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Upon application of IFRS 16 lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be both presented as financing cash flows by the Group.

Under IAS 17, the Group has already recognized prepaid lease payments for leasehold lands where the Group is a lessee. The application of IFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (continued)

IFRS 16 *Leases* (continued)

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

As at December 31, 2017, the Group had non-cancellable operating lease commitments of RMB2,300,000 (2016: RMB1,492,000) as disclosed in Note 48. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of IFRS 16, the Group will recognize a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term lease upon the application of IFRS 16.

In addition, the Group currently considers refundable rental deposits received of RMB123,424,000 as at December 31, 2017 as rights and obligations under leases to which IFRS 17 applies. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortized cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits received would be considered as advance lease payments.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

Amendments to IAS 40 Transfers of Investment Property

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify that situations other than the ones listed in IAS 40 may evidence a change in use, and that a change in use is possible for properties under construction. For example, change in use for transfer from properties under development for sale in the ordinary course of business to investment properties could be evidenced by inception of an operating lease to another party. Currently, the Group accounts for such transfer only upon commencement of an operating lease.

The directors of the Company anticipate that the application of these amendments will result in early recognition of such transfers on the Group's consolidated financial statements in future periods should there be a change in use of any of its properties.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRSs. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for the investment properties and certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For investment properties which are transferred at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that the results of the valuation technique equals the transaction price.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of preparation (continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Except for business combination involving entities under common control in which merger accounting applies, consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the each reporting period are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognized, a gain or loss is recognized in profit of loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Acquisition of assets and liabilities through acquisition of subsidiaries

Where an acquisition of an asset or a group of assets and liabilities that does not constitute a business, the Group will identify and recognize the individual identifiable assets acquired and liabilities assumed by allocating purchase price first to financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to other individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Variable payments for acquisition of an asset or a group of assets and liabilities is recognized and included as part of the consideration transferred, when it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. Variable payments for acquisition of an asset or a group of assets and liabilities is remeasured at subsequent reporting dates in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and changes in the measurement is added to or deducted from the cost of the related assets.

When an acquisition of an asset or a group of assets and liabilities that does not constitute a business is achieved in stages, each exchange transaction is treated separately, using the cost of the transaction at respective acquisition dates. Non-controlling interests are measured at the non-controlling interests' proportionate share of fair value of the assets acquired and liabilities assumed at the date of initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is note control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, and investment in an associate or a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates and joint ventures (continued)

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognizes in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with IFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognized in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognize its share of the gains and losses until it resells those assets to a third party.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sales of properties

Revenue from the sale of properties in the ordinary course of business is recognized when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the properties, which is when the construction of relevant properties has been completed, upon delivery, and collectability of related receivables is reasonably assured;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the properties sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Deposits received from purchasers prior to meeting the above criteria for revenue recognition are included in the consolidated statement of financial position under current liabilities.

Revenue from construction contract

Revenue from construction contract is recognized by reference to the recoverable costs incurred during the period plus the fee earned, measured by the proportion that costs incurred to date bear to the estimated total costs of the contract.

Rental income

The Group's accounting policy for recognition of revenue from operating leases is described in "Leasing" section below.

Service income

Service income is recognized when the services are provided.

Interest income

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Construction contract

When the outcome of a construction contract can be estimated reliably, revenue from fixed price contracts and cost plus contracts is recognized by reference to the recoverable costs incurred during the period plus the fee earned, measured by the proportion that costs incurred to date bear to the estimated total costs of the contract.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognized as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

Where contract costs incurred to date plus recognized profits less recognized losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognized profits less recognized losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade receivables.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognized as an expense on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognized as liabilities and as a reduction of rental expense over the lease term on a straight-line basis.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing (continued)

Leasehold land for own use

When the Group makes payments for a property interest which includes both leasehold land and building elements, the Group assesses the classification of each element as a finance lease or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases, in which case the entire property is accounted as an operating lease. Specifically, the entire consideration (including any lump-sum upfront payments) are allocated between the leasehold land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is released over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model. When the lease payments cannot be allocated reliably between the leasehold land and building elements, the entire property is generally classified as if the leasehold land is under finance lease.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than that entity's functional currency (foreign currencies) are recorded in the respective functional currency at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in profit or loss in the period in which they arise.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Short-term and other long-term employee benefit

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

Equity-settled share-based payment transactions

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of fair value of equity-settled share-based transactions are set out in Note 41 to the Group's consolidated financial statements.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity-settled share-based payment reserve.

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity-settled share-based payment reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognized in equity-settled share-based payment reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in equity-settled share-based payment reserve will be transferred to retained earnings.

When the awarded shares are vested, the amount previously recognized in equity-settled share-based payment reserve and the amount of the relevant treasury shares is reversed and the differences arising from the reversal is adjusted to retained earnings.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

Investment properties are properties held to earn rentals or/and for capital appreciation.

Investment properties are measured initially at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Construction costs incurred for investment properties under construction are capitalized as part of the carrying amount of the investment properties under construction.

A property is transferred to investment properties when, and only when, there is a change in use, as evidenced by the change of use has occurred.

If an investment property becomes owner-occupied as evidenced by commencement of owner-occupation, it is reclassified as property, plant and equipment, and its fair value at the date of transfer becomes its deemed cost for accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has been changed as evidenced by end of owner-occupation, any differences between the carrying amount and the fair value of this item at the date of transfer is recognized in equity as a revaluation of property, plant and equipment in accordance with IAS 16 *Property, Plant and Equipment.* However, to the extent that a fair value gain reverses a previous impairment loss for that property, the gain is recognized in profit or loss.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognized.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment, including land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognized so as to write off the cost of assets (other than properties under construction) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible assets

Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives. Amortization begins when the intangible asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognized upon disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured at the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is calculated using the weighted average method.

Properties under development

Properties under development for sale which are intended to be sold in the ordinary course of business upon completion of development are classified as current assets, and are carried at the lower of cost and net realizable value. Cost comprises the related land cost, development expenditure incurred and, where appropriate, borrowing costs capitalized. Net realizable value represents the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. Properties under development for sale are transferred to completed properties for sale upon completion of development.

Properties held for sale

Properties held for sale are stated at the lower of cost and net realizable value. Cost comprises the costs of land, development expenditure incurred and, where appropriate, borrowing costs capitalized. Net realizable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belong. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of tangible and intangible assets (continued)

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

The Group's financial assets are classified into financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit or loss

A financial asset is classified as held-for-trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets at fair value through profit or loss (continued)

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are measured at fair value, with changes in fair value arising from re-measurement recognized directly in profit or loss in the period in which they arise. The net gain or loss recognized in profit or loss excludes any dividend or interest earned on the financial assets and is included in the "other gains and losses" line item in the consolidated statement of profit or loss and other comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from related parties, restricted bank deposits and bank balances and cash) are carried at amortized cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over each reporting period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to net carrying amount on initial recognition.

Interest income is recognized on an effective interest basis.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment loss at the end of the reporting period (see accounting policy on impairment of financial assets below).

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest and principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets measured at amortized cost, an impairment loss is recognized in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Treasury shares contributed by the ultimate holding company for share award scheme are initially recognized at the fair value and recorded in treasury share reserve prior to vesting.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the each reporting period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognized on an effective interest basis.

Financial liabilities

Financial liabilities including trade and other payables, amounts due to related parties, bank and other borrowings, corporate bonds and senior notes are subsequently measured at amortized cost, using effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group and not designated as at fair value through profit or loss is recognized initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the obligation under the contract, as determined in accordance with IAS 37; and (ii) the amount initially recognized less, where appropriate, cumulative amortization recognized over the guarantee period.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derecognition

A financial asset is derecognized only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Financial liabilities are derecognized when, and only when the Group's obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit before tax because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated statement of financial position and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of assets and liabilities in a transaction other than in a business combination that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates and interests in joint ventures except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model in accordance with IAS 40 *Investment Property*, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax for such investment properties are measured using the tax rate applicable for recovery through use.

Current and deferred tax is recognized in profit or loss, except when it relates to items that are recognized in other comprehensive income or directly in equity, in which case the current and deferred tax is also recognized in other comprehensive income or directly in equity respectively. When current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

Construction costs estimation for revenue recognition

Certain projects of the Group are divided into several phases according to the development and delivery plans. The Group recognizes sales upon delivery of properties and collectability of related receivables is reasonably assured. Cost of sales including construction cost specific to the phases and common costs allocated to the phases are calculated based on management's best estimation of the total development costs for the whole project and the allocation to each phase at the time when the properties are delivered. When the actual common costs incurred are significantly more or less than expected, or changes in circumstances which result in revision of the management's estimates, the effect of such change is recognized prospectively in the profit or loss in the period of the change.

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Primary land construction and development contracts

The Group carried out primary land construction and development projects for the Beijing Municipal People's Government. The Group recognized contract revenue on the primary land construction and development projects by reference to the recoverable costs incurred plus the expected fee earned in accordance with relevant rules and regulations issued by the Beijing Municipal People's Government and other relevant agreements. Construction and development costs mainly comprise resettlement compensation, sub-contracting charges and costs of construction materials and are estimated by the management by reference to quotations provided by contractors and vendors and the past experience of the management. Estimation of the contract revenue and recoverable costs is subject to final approval from the Beijing Municipal People's Government. The directors of the Company estimate contract revenue and recoverable costs based on latest available budgets of each primary land construction and development projects and current market conditions. The final amounts approved by the Beijing Municipal People's Government may not be the same as the amounts estimated by the Group. These differences will affect contract revenue and contract profit in the period in which the approval has been obtained from the Beijing Municipal People's Government.

Investment properties

Independent external valuer was engaged to carry out an independent valuation of the Group's investment property portfolio as at December 31, 2017. The fair value of each investment property is individually determined at the end of the reporting period based on market value assessment. The valuer has relied on the income capitalization approach and the direct comparison method. These methodologies are based on an estimation of future results, a set of assumptions and a determination of relevant key inputs specific to each property to reflect its tenancy and cashflow profile. Changes to these estimation, assumptions and key inputs would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss would be recognized in profit or loss.

Income tax expense

Deferred tax assets of RMB404,235,000 (2016: RMB290,533,000) were recognized as at December 31, 2017, after offsetting certain deferred tax liabilities as set out in Note 23. No deferred tax assets were recognized on the tax losses of RMB217,419,000 (2016: RMB137,935,000) due to the unpredictability of future profit streams. The recognition of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. The directors of the Company determine the deferred tax assets based on the enacted or substantially enacted tax rates and profit forecasts of the Group for coming years during which the deferred taxation assets are expected to be utilized. The directors of the Company reviewed the assumptions and profit forecasts at the end of each reporting period. In cases where the actual future profits generated are more or less than expected, or changes in facts and circumstances, an additional recognition or a reversal of deferred tax assets may arise, which would be recognized in the profit or loss for the period in which such a recognition or reversal takes place.

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Land appreciation tax ("LAT")

The Group has provided LAT in the PRC amounted to RMB1,489,095,000 (2016: RMB900,312,000) as at December 31, 2017. However, the implementation and settlement of the tax varies amongst different tax jurisdictions in various cities of the PRC and certain property development projects of the Group have not yet finalized their LAT calculations and payments with local tax authorities in the PRC. Accordingly, significant estimation is required in determining the amount of LAT and its related enterprise income tax. The Group recognized the LAT based on the management's best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense in the period in which such tax is finalized with local tax authorities.

Critical judgment in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see above), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Deferred taxation on investment properties

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model under IAS 40 amounted to RMB18,308,269,000 (2016: RMB16,674,500,000), as at December 31, 2017, the directors of the Company concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time.

Therefore, in determining the Group's deferred tax on investment properties, the directors of the Company have determined the presumption that investment properties measured using the fair value model are recovered through sale is rebutted and the Group estimated the deferred tax on the basis of recovering through use.

Revenue recognition of property sales

As part of the Group's marketing strategy, some properties were delivered to buyers before the full consideration was received. In assessing whether such contract meets the revenue recognition criteria in accordance with the Group's accounting policies, the management of the Group considered various factors such as the level of purchase consideration received, the collectability of the remaining outstanding consideration and the potential decrease in fair value of the underlying property relative to the relevant selling price. In the cases where the directors of the Company considered the contract does not meet the Group's revenue recognition criteria, the consideration received is accounted for as "deposit received from sale of properties" in current liabilities.

5. REVENUE AND SEGMENT INFORMATION

The Group is organized into business units based on their types of activities. These business units are the basis of information that is prepared and reported to the Group's chief operating decision maker (i.e. the executive directors of the Company) for the purposes of resource allocation and assessment of performance. The Group's operating segments under IFRS 8 *Operating Segments* are identified as the following four business units:

Property development: This segment develops and sells commercial and residential properties. All of the Group's activities are carried out in the PRC.

Primary land construction and development services: This segment derives revenue from primary land development, including services for resettlement, construction of land infrastructure and ancillary public facilities on land owned by the local governments. All of the Group's activities are carried out in the PRC.

Property investment: This segment derives rental income from investment properties developed by the Group. Currently the Group's investment property portfolio mainly comprises commercial properties located in the PRC.

Property management and related services: This segment derives income from property management and related services. Currently the Group's activities are carried out in the PRC.

The accounting policies applied in determining segment revenue and segment results of the operating segments are the same as the Group's accounting policies described in Note 3. Segment profit represents the profit earned by each segment without allocation of unallocated other gains and losses (excluding reversal of allowance for doubtful receivables), other income, other expenses, share of result of associates, share of result of a joint venture, gain on fair value change of investment properties, finance costs and unallocated administrative expenses, including auditor's remuneration and directors' emoluments. This is the measure reported to the Group's chief operating decision maker for the purpose of resource allocation and performance assessment.

Inter-segment sales are priced with reference to prices charged to external parties for similar products and services.

No segment assets and liabilities are presented as they were not regularly provided to the chief operating decision maker for the purpose of resource allocation and performance assessment.

5. REVENUE AND SEGMENT INFORMATION (continued)

(a) Segment revenue and results

The following is the analysis of the Group's revenue and results by reportable and operating segment.

	Property development RMB'000	Primary land construction and development services RMB'000	Property investment RMB'000	Property management and related services RMB'000	Total RMB'000
Year ended December 31, 2017					
Revenue from external customers	6,381,746	75,095	310,293	20,281	6,787,415
Inter-segment revenue	—	—	—	—	—
Segment revenue	6,381,746	75,095	310,293	20,281	6,787,415
Segment profit	2,452,311	1,164	180,073	9,544	2,643,092
Year ended December 31, 2016					
Revenue from external customers	7,513,208	137,616	292,679	91,078	8,034,581
Inter-segment revenue	—	—	—	20,986	20,986
Segment revenue	7,513,208	137,616	292,679	112,064	8,055,567
Segment profit	2,353,161	3,077	188,707	10,747	2,555,692

5. REVENUE AND SEGMENT INFORMATION (continued)

(b) Reconciliations of segment revenues, profit or loss

	Year ended December 31, 2017 RMB'000	2016 RMB'000
Revenue		
Segment revenue	6,787,415	8,055,567
Elimination of inter-segment revenue	—	(20,986)
Consolidated revenue	6,787,415	8,034,581
Profit		
Segment profit	2,643,092	2,555,692
Unallocated other gains and losses	161,185	(24,295)
Other income	88,241	20,227
Other expenses	(45,676)	(18,656)
Share of result of associates	(6,014)	(727)
Share of result of a joint venture	(936)	—
Gain on fair value change of investment properties	955,743	851,934
Finance costs	(198,683)	(126,824)
Unallocated administrative expenses	(29,819)	(26,924)
Consolidated profit before tax	3,567,133	3,230,427

5. REVENUE AND SEGMENT INFORMATION (continued)

(c) Other segment information

Amounts included in the measurement of segment profit or loss:

	Property development RMB'000	Primary land construction and development service RMB'000	Property investment RMB'000	Property management and related services RMB'000	Unallocated amount RMB'000	Total RMB'000
Year ended December 31, 2017						
Depreciation and amortization	16,164	—	5,254	7,905	3,884	33,207
Release of prepaid lease payment	—	—	81	26	5,928	6,035
Year ended December 31, 2016						
Depreciation and amortization	11,664	—	5,245	12,262	3,884	33,055
Release of prepaid lease payment	—	—	81	26	5,928	6,035
Reversal of allowance for doubtful receivables	—	—	(624)	—	—	(624)

5. REVENUE AND SEGMENT INFORMATION (continued)

(d) Revenue from major products and services

The following is the analysis of the Group's revenue from external customers:

	Year ended December 31,	
	2017	2016
	RMB'000	RMB'000
Sales of properties	**6,381,746**	7,513,208
Primary land construction and development services	**75,095**	137,616
Rental income	**310,293**	292,679
Property management and related services	**20,281**	91,078
	6,787,415	8,034,581

(e) Geographical information

All the revenue and operating results of the Group is derived from the PRC based on location of the operations. All the Group's non-current assets (other than financial instruments, and deferred tax assets of the Group) amounting to RMB22,314,638,000 (2016: RMB17,954,540,000) at December 31, 2017 are located in the PRC based on geographical location of the assets or the associates' and joint venture's operation, as appropriate.

(f) Revenue from major customers

No revenue from transactions with a single external customer amounted to 10% or more of the Group's revenue during the years ended December 31, 2017 and 2016.

6. OTHER GAINS AND LOSSES

	Year ended December 31, 2017 RMB'000	2016 RMB'000
Other gains and losses comprise:		
Net foreign exchange gains (losses)	**161,278**	(24,292)
Losses on disposal of property, plant and equipment	**(93)**	(3)
Reversal of allowance for doubtful receivables	**—**	624
	161,185	(23,671)

7. OTHER INCOME

	Year ended December 31, 2017 RMB'000	2016 RMB'000
Interest income	**79,965**	6,588
Compensation received	**2,437**	5,763
Others	**5,839**	7,876
	88,241	20,227

8. OTHER EXPENSES

	Year ended December 31, 2017 RMB'000	2016 RMB'000
Donations	**27,896**	9,730
Compensation paid	**13,159**	5,273
Others	**4,621**	3,653
	45,676	18,656

9. FINANCE COSTS

	Year ended December 31,	
	2017	2016
	RMB'000	RMB'000
Interest on bank loans	**1,102,090**	860,458
Interest on corporate bonds	**282,137**	241,011
Interest on senior notes	**121,210**	—
Interest on other loans	**210,589**	63,364
Total interest expenses	**1,716,026**	1,164,833
Less: Amounts capitalized to properties under development and investment properties	**(1,517,343)**	(1,038,009)
	198,683	126,824

Interests capitalized arose from borrowings made specifically for the purpose of constructing the qualifying assets, which bore annual interest at rates from 4.75% to 9.80% (2016: 4.75% to 12.20%) and general borrowings pool calculated by applying a capitalization rate of 7.01% (2016: 6.40%) per annum on expenditure on the qualifying assets.

10. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging (crediting):

	Year ended December 31,	
	2017 RMB'000	2016 RMB'000
Directors' emoluments (Note 11)	12,083	11,032
Other staff costs:		
– Salaries and other benefits	306,153	302,504
– Retirement benefit contributions	24,146	21,351
– Equity-settled share-based payments	4,831	18,028
Total staff costs	347,213	352,915
Less: Amounts capitalized to properties under development and investment properties (note)	(190,764)	(150,063)
	156,449	202,852
Cost of properties sold recognized as expense	3,471,511	4,641,964
Auditor's remuneration	4,186	3,945
Depreciation of property, plant and equipment	31,715	31,892
Amortization of intangible assets (included in administrative expenses)	1,492	1,163
Release of prepaid lease payments (included in administrative expense)	6,035	6,035
Operating lease rental expenses	1,793	3,787
Rental income from investment properties	(310,293)	(292,679)
Less: direct operating expense	117,204	94,227
	(193,089)	(198,452)

Note: The amount capitalized mainly represents costs of certain staff of the project management department and the design department, who were assigned to construction sites and engaged in specific construction projects directly.

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Details of the emoluments paid or payable to the directors are as follows:

	Fees RMB'000	Salaries and other benefits RMB'000	Performance bonuses RMB'000	Retirement benefit contributions RMB'000	Equity-settled share-based payment RMB'000	Total RMB'000
For the year ended December 31, 2017						
Executive Directors						
Mr. Zhang Zhangsun	—	2,600	400	—	—	3,000
Ms. Ruan Wenjuan	—	2,919	450	51	125	3,545
Ms. Zhang Jin	—	2,082	179	32	125	2,418
Mr. Ge Weiguang	—	1,994	170	51	125	2,340
Independent Non-Executive Directors						
Mr. Luo Zhenbang	260	—	—	—	—	260
Mr. Lai Siming	260	—	—	—	—	260
Ms. Chen Jingru	260	—	—	—	—	260
	780	9,595	1,199	134	375	12,083
For the year ended December 31, 2016						
Executive Directors						
Mr. Zhang Zhangsun	—	2,603	400	5	—	3,008
Ms. Ruan Wenjuan	—	1,850	300	46	475	2,671
Ms. Zhang Jin	—	1,697	200	34	475	2,406
Mr. Ge Weiguang	—	1,705	97	46	475	2,323
Independent Non-Executive Directors						
Mr. Luo Zhenbang	208	—	—	—	—	208
Mr. Lai Siming	208	—	—	—	—	208
Ms. Chen Jingru	208	—	—	—	—	208
	624	7,855	997	131	1,425	11,032

Notes:

(a) Mr. Zhang Zhangsun is the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

(b) Ms. Ruan Wenjuan, Ms. Zhang Jin and Mr. Ge Weiguang are the executive directors and vice presidents of the Company.

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

Performances bonuses were determined by the management having regard to the performance of the directors and the Group's operating results.

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Group.

The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

No directors of the Company waived any emoluments during both years.

Of the five individuals with the highest emoluments in the Group, four (2016: four) are directors of the Company whose emoluments are disclosed above. The emolument of the remaining one (2016: one) individual is as follows:

	Year ended December 31,	
	2017	2016
	RMB'000	RMB'000
Salaries and other benefits	**1,782**	1,303
Performance bonuses	**267**	200
Retirement benefit contributions	**5**	5
Equity-settled share-based payment	**1,982**	7,325
	4,036	8,833

The number of the highest paid employees who are not directors of the Company whose remuneration fell within the following bands is as follow:

	2017	2016
	No.of employees	No.of employees
Hong Kong dollars ("HK$")		
HK$4,500,001 to HK$5,000,000	**1**	—
HK$9,500,001 to HK$10,000,000	**—**	1
	1	1

During the year, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

12. INCOME TAX EXPENSES

	Year ended December 31,	
	2017	2016
	RMB'000	RMB'000
Current tax		
PRC enterprise income tax	**611,243**	647,054
Under provision in prior year	**—**	7,349
LAT	**797,135**	542,306
	1,408,378	1,196,709
Deferred tax (Note 23)	**119,244**	78,030
Income tax expenses	**1,527,622**	1,274,739

Pursuant to the PRC Enterprise Income Tax Law promulgated on March 16, 2007 the PRC enterprise income tax for both domestic and foreign-invested enterprises has been unified at the income tax rate of 25% effective from January 1, 2008 onwards.

The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable exemptions and deductions.

In accordance with the PRC tax circular (Guoshuihan [2008] 112) effective from January 1, 2008, the PRC withholding income tax at the rate of 10% is applicable to dividends to "non-resident" investors who do not have an establishment or business in the PRC. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to the undistributed profits earned by the PRC subsidiaries since January 2008 amounting to RMB4,911,676,000 (2016: RMB4,085,279,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

12. INCOME TAX EXPENSES (continued)

No provision for Hong Kong Profits Tax has been made as the income of the companies comprising the Group neither arises in, nor is derived from Hong Kong during both years.

The tax charge for the year can be reconciled to the profit before tax per consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended December 31,	
	2017	2016
	RMB'000	RMB'000
Profit before tax	**3,567,133**	3,230,427
Tax at PRC enterprise income tax rate of 25% (2016:25%)	**891,783**	807,607
LAT	**797,135**	542,306
Tax effect of LAT	**(199,284)**	(135,577)
Tax effect of expenses not deductible for tax purpose	**15,348**	41,861
Tax effect of share of result of associates	**1,504**	182
Tax effect of share of result of a joint venture	**234**	—
Effect of tax losses not recognized as deferred tax assets	**20,105**	10,359
Reversal of tax losses previously recognized as deferred tax assets	**806**	652
Utilization of tax loss previously not recognized	**(9)**	—
Under provision in prior year	**—**	7,349
Tax charge	**1,527,622**	1,274,739

13. OTHER COMPREHENSIVE INCOME

Other comprehensive income includes:

	Year ended December 31, 2017		
	Before-tax amount RMB'000	**Tax expense RMB'000**	**Net-of-income tax amount RMB'000**
Item that will not be reclassified to profit or loss:			
Gains on revaluation of properties	**324,949**	**(81,237)**	**243,712**

14. EARNINGS PER SHARE

	Year ended December 31, 2017 RMB'000	2016 RMB'000
Earnings:		
Profit for the year attributable to the owners of the Company for the purposes of basic and diluted earnings per share	**1,749,841**	1,562,956

	Year ended December 31, 2017 '000	2016 '000
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**4,434,150**	4,417,841
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	**23,492**	28,186
Share awards issued by the Company	**5,772**	14,968
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**4,463,414**	4,460,995

The number of shares adopted in the calculation of the basic earnings per share has been arrived at after eliminating the unvested shares of the Company held under the Company's share award scheme.

15. DIVIDENDS

Dividends recognized as distribution by the Company during the current year amounted to HK$267,994,000 (equivalent to RMB240,000,000) in respect of final dividend for the year ended December 31, 2016 and HK$333,849,000 (equivalent to RMB300,000,000) in respect of interim dividend for the year ended December 31, 2017 in aggregate, representing HK6.04 cents per share and HK7.52 cents per share declared. Part of the dividends amounting to HK$127,134,000 (equivalent to RMB108,966,000) was paid during the current year.

Dividend recognized as distribution by the Company during the year ended December 31, 2016 amounted to HK$245,882,000 (equivalent to RMB206,000,000) in aggregate, representing HK5.55 cents per share declared. Part of the dividend amounting to HK$45,390,000 (equivalent to RMB38,348,000) was paid during 2016.

Subsequent to the end of the reporting period, a final dividend in respect of the year ended December 31, 2017 of HK8.07 cents per share, totalling HK$358,578,000 (equivalent to RMB300,000,000) has been proposed by the board of directors and is subject to approval by the shareholders of the Company at the forthcoming annual general meeting.

16. INVESTMENT PROPERTIES

	Completed investment properties RMB'000	Investment properties under construction RMB'000	Total RMB'000
Fair value			
At January 1, 2016	9,568,850	5,497,000	15,065,850
Additions	8,258	778,252	786,510
Net increase in fair value recognized in profit or loss	297,186	554,748	851,934
Disposals	(29,794)	—	(29,794)
At December 31, 2016	9,844,500	6,830,000	16,674,500
Additions	122,250	792,707	914,957
Reclassification	5,329,818	(5,329,818)	—
Net increase in fair value recognized in profit or loss	887,633	68,110	955,743
Transfers to property, plant and equipment	(597,931)	—	(597,931)
Transfers from property, plant and equipment	361,000	—	361,000
At December 31, 2017	15,947,269	2,361,000	18,308,269
Unrealized gain on property revaluation included in profit or loss in the current year	887,633	68,110	955,743
Unrealized gain on property revaluation included in other comprehensive income in the current year	324,949	—	324,949

The investment properties are all situated in the PRC. The fair value of the Group's investment properties, including the Group's property interests held under operating leases classified and accounted for as investment properties as at December 31, 2017 and 2016 have been arrived at on the basis of valuations carried out on those dates by Colliers International (Hong Kong) Ltd ("Colliers"), a firm of independent qualified professional valuers not connected with the Group, who have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

The valuations of completed investment properties are arrived at with adoption of direct comparison approach assuming sale of each of these properties in its existing state by making reference to comparable sales transactions as available in the relevant market and also consider income method-direct capitalization approach by capitalization of the net rental income derived from the existing tenancy agreements with due allowance for the reversionary income potential of the properties.

Fair values of the investment properties under development are generally derived using the residual method. This valuation method is essentially a means of valuing the land and building by reference to its development potential by deducting development costs together with developer's profit and risk from the estimated capital value of the proposed development assuming completed in accordance with the existing development plans as at the date of valuation, which duly reflected the risks associated with the development.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

16. INVESTMENT PROPERTIES (continued)

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (level 1 to 3) based on the degree to which the inputs to the fair value measurements is observable. The Group considered multiple valuation techniques to the extent appropriate. A fair value measurement is usually the point within that range that is most representative of fair value in the circumstances.

Investment properties of the Group	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Beijing Glory City Complex	Level 3	Multiple valuation techniques: income and direct comparison approaches The key inputs of income method are: (1) Capitalization rate; and	Capitalization rate, taking into account of the capitalization of rental income potential, nature of the property, prevailing market condition, of 4.5% to 5% on NOI basis (2016: 5.2% to 5.7%) for shopping mall, and 4.25% to 4.5% on NOI basis (2016: 4.7% to 5.2%) for office.	A slight increase in the capitalization rate used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa.
		(2) Market monthly rent	Market monthly rent, using direct market comparable and taking into account of time, location and individual factors such as road frontage, size of property and facilities, of RMB654/sq.m./month on NLA (2016: RMB574/sq.m./month on NFA) for shopping mall and RMB265/sq.m./month (2016: RMB246/sq.m./month) on GFA for office.	A slight increase in the market monthly rent used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.
		The key input of Direct Comparison Approach is: Unit sale rate	Unit sale rate, taking into account the time, location, and individual factors, such as frontage and size, between the comparable and the property, of RMB84,200/sq.m. (2016: RMB84,600/sq.m) for shopping mall and RMB47,500/sq.m. (2016: RMB44,200/sq.m) for office.	An increase in the unit sale rate used would result in an increase in the fair value measurement of the investment properties by the same percentage increase, and vice versa.
Lotte Mart Shopping Centre	Level 3	Multiple valuation techniques: income and direct comparison approaches The key inputs of income method are: (1) Capitalization rate; and	Capitalization rate, taking into account of the capitalization of rental income potential, nature of the property, prevailing market condition, of 4.5% to 5% on NOI basis (2016: 5.2% to 5.7%).	A slight increase in the capitalization rate used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa.
		(2) Market monthly rent	Market monthly rent, using direct market comparable and taking into account of time, location and individual factors such as road frontage, size of property and facilities, of RMB322/sq.m./month (2016: RMB213/sq.m./month) on GFA.	A slight increase in the market monthly rent used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.
		The key input of Direct Comparison Approach is: Unit sale rate	Unit sale rate, taking into account the time, location, and individual factors, such as frontage and size, between the comparable and the property, of RMB28,464/sq.m (2016: RMB29,400/sq.m).	An increase in the unit sale rate used would result in an increase in the fair value measurement of the investment properties by the same percentage increase, and vice versa.

16. INVESTMENT PROPERTIES (continued)

Investment properties of the Group	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Beijing Fugui Garden Shopping Mall	Level 3	Multiple valuation techniques: income and direct comparison approaches The key inputs of income method are: (1) Capitalization rate; and (2) Market monthly rent	Capitalization rate, taking into account of the capitalization of rental income potential, nature of the property, prevailing market condition, of 4.7% to 5.2% on NOI basis (2016: 5.2% to 5.7%).	A slight increase in the capitalization rate used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa.
			Market monthly rent, using direct market comparable and taking into account of time, location and individual factors such as road frontage, size of property and facilities, of RMB256/sq.m./month (2016:RMB235/sq.m./month) on GFA.	A slight increase in the market monthly rent used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.
		The key input of Direct Comparison Approach is: Unit sale rate	Unit sale rate, taking into account the time, location, and individual factors, such as frontage and size, between the comparable and the property, of RMB67,900/sq.m (2016: RMB66,500/sq.m).	An increase in the unit sale rate used would result in an increase in the fair value measurement of the investment properties by the same percentage increase, and vice versa.
Shantou Glory City Phase I	Level 3	Multiple valuation techniques: income and direct comparison approaches The key inputs of income method are: (1) Capitalization rate; and (2) Market monthly rent	Capitalization rate, taking into account of the capitalization of rental income potential, nature of the property, prevailing market condition, of 6.5% to 6.75% on NOI basis. (2016: 7.4% to 8.1%).	A slight increase in the capitalization rate used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa.
			Market monthly rent, using direct market comparable and taking into account of time, location and individual factors such as road frontage, size of property and facilities, of RMB71/sq.m./month (2016: RMB65/sq.m./month) on GFA.	A slight increase in the market monthly rent used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.
		The key input of Direct Comparison Approach is: Unit sale rate	A unit sale rate, taking into account the time, location, and individual factors, such as frontage and size, between the comparable and the property, of RMB12,250/sq.m (2016: RMB12,200/sq.m).	An increase in the unit sale rate used would result in an increase in the fair value measurement of the investment properties by the same percentage increase, and vice versa.
Shenyang Glory City Phase I, Big Box	Level 3	Multiple valuation techniques: income and direct comparison approaches The key inputs of income method are: (1) Capitalization rate; and (2) Market monthly rent	Capitalization rate, taking into account of the capitalization of rental income potential, nature of the property, prevailing market condition, of 4.5 to 5% on NOI basis (2016: 5.25% to 5.7%).	A slight increase in the capitalization rate used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa.
			Market monthly rent, using direct market comparables and taking into account of time, location and individual factors such as road frontage, size of property and facilities, of RMB62/sq.m./month (2016: RMB40/sq.m./month) on GFA.	A slight increase in the market monthly rent used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.
		The key input of Direct Comparison Approach is: Unit sale rate	Unit sale rate, taking into account the time, location, and individual factors, such as frontage and size, between the comparable and the property, of RMB10,030/sq.m (2016: RMB7,100/sq.m).	An increase in the unit sale rate used would result in an increase in the fair value measurement of the investment properties by the same percentage increase, and vice versa.

16. INVESTMENT PROPERTIES (continued)

Investment properties of the Group	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Siheyuan Beijing Glory City	Level 3	Multiple valuation techniques: income and direct comparison approaches The key inputs of income method are: (1) Capitalization rate; and (2) Market monthly rent	Capitalization rate, taking into account of the capitalization of rental income potential, nature of the property, prevailing market condition, of 2% to 2.5% on NOI basis (2016: 2.3% to 2.8%).	A slight increase in the capitalization rate used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa.
			Market monthly rent, using direct market comparables and taking into account of time, location and individual factors such as road frontage, size of property and facilities, of RMB296/sq.m./month (2016: RMB285/sq.m./month) on GFA.	A slight increase in the market monthly rent used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.
		The key input of Direct Comparison Approach is: Unit sale rate	Unit sale rate, taking into account the time, location, and individual factors, such as frontage and size, between the comparable and the property, of RMB105, 800/sq.m (2016: RMB101, 800/sq.m).	An increase in the unit sale rate used would result in an increase in the fair value measurement of the investment properties by the same percentage increase, and vice versa.
Shenyang Glory City Block C and E	Level 3	Multiple valuation techniques: income and direct comparison approaches The key inputs of income method are: (1) Capitalization rate; and (2) Market monthly rent	Capitalization rate, taking into account of the capitalization of rental income potential, nature of the property, prevailing market condition, of 4.5% to 5% on NOI basis(2016: 5.2% to 5.7%).	A slight increase in the capitalization rate used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa.
			Market monthly rent, using direct market comparables and taking into account of time, location and individual factors such as road frontage, size of property and facilities, of RMB40/sq.m./month (2016: RMB34/sq.m./month) on GFA.	A slight increase in the market monthly rent used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.
		The key input of Direct Comparison Approach is: Unit sale rate	Unit sale rate, taking into account the time, location, and individual factors, such as frontage and size, between the comparable and the property, of RMB6,600/sq.m (2016: RMB6, 050/sq.m.).	An increase in the unit sale rate used would result in an increase in the fair value measurement of the investment properties by the same percentage increase, and vice versa.
Eudemonia Palace underground car parking spaces	Level 3	Multiple valuation techniques: income and direct comparison approaches The key inputs of income method are: (1) Capitalization rate; and (2) Market monthly rent	Capitalization rate, taking into account of the capitalization of rental income potential, nature of the property, prevailing market condition, of 3.25% to 3.75% on NOI basis (2016: 3.8% to 4.3%).	A slight increase in the capitalization rate used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa.
			Market monthly rent, using direct market comparables and taking into account of time, location and individual factors such as road frontage, size of property and facilities, of RMB1,035/sq.m./month (2016: RMB1,035/sq.m./month) on lot.	A slight increase in the market monthly rent used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.
		The key input of Direct Comparison Approach is: Unit sale rate	Unit sale rate, taking into account the time, location, and individual factors, such as frontage and size, between the comparable and the property,of RMB310,100/lot. (2016: RMB306, 500/lot).	An increase in the unit sale rate used would result in an increase in the fair value measurement of the investment properties by the same percentage increase, and vice versa.

16. INVESTMENT PROPERTIES (continued)

Investment properties of the Group	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Beijing Glory Center	Level 3	Multiple valuation techniques: income and direct comparison approaches The key inputs of income method are: (1) Capitalization rate; and	Capitalization rate, taking into account of the capitalization of rental income potential, nature of the property, prevailing market condition, of 5% on NOI basis (2016: 5.7%) for retail, and 4.25% on NOI basis (2016: 5.2%) for office.	A slight increase in the capitalization rate used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa.
		(2) Market monthly rent	Market monthly rent, using direct market comparables and taking into account of time, location and individual factors such as road frontage, size of property and facilities, of RMB447/sq.m./month on NLA (2016: RMB554/sq.m./month on GFA) for retail, RMB350/sq.m./month (2016: RMB319/sq.m./month) on GFA for office, RMB900/lot/month on lot for CPS.	A slight increase in the market monthly rent used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.
		The key input of Direct Comparison Approach is: Unit sale rate	Unit sale rate, taking into account the time, location, and individual factors, such as frontage and size, between the comparable and the property, of RMB69,500/sq.m (2016: RMB61,400/sq.m) for retail, and RMB75,400/sq.m (2016: RMB75,300/sq.m) for office, RMB250,000/lot for CPS.	An increase in the unit sale rate used would result in an increase in the fair value measurement of the investment properties by the same percentage increase, and vice versa.
Foshan Glory Shengping Commercial Centre*	Level 3	Multiple valuation techniques: residual method The key inputs of residual method are: (1) Capitalization rate; and	Capitalization rate, taking into account of the capitalization of rental income potential, nature of the property, prevailing market condition, of 6.25% on NOI basis (2016: 7.1%) for retail, and 4% to 6.25% on NOI basis (2016: 4.75% - 6.6%)for car parking spaces.	A slight increase in the capitalization rate used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa.
		(2) Market monthly rent; and	Market monthly rent, using direct market comparables and taking into account of time, location and individual factors such as road frontage, size of property and facilities, of RMB304/sq.m./month on NLA (2016: RMB329/sq.m./month on GFA) for retail, RMB 555/sq.m./month (2016: RMB 560/sq m./month) on lot for car parking spaces.	A slight increase in the market monthly rent used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.
		(3) Unit sale rate; and	Unit sale rate, taking into account the time, location, and individual factors, such as frontage and size, between the comparable and the property, of RMB32,800/sq.m (2016: RMB34,000/sq.m) for retail, and RMB120,120/lot (2016: RMB125,000/lot) for car parking spaces.	An increase in the unit sale rate used would result in an increase in the fair value measurement of the investment properties by the same percentage increase, and vice versa.
		(4) Expected develop profit margin; and	Expected develop profit margin at 15% (2016:15%)	A significant increase in the expected profit would result in a significant decrease in fair value, and vice versa.
		(5) Total development costs to completion	Estimated total construction cost to complete amounted to RMB2,280,000,000 (2016: RMB2,280,000,000).	Increases in the development costs would result in a decrease in the fair value measurement of the investment properties by the same percentage increase, and vice versa.

16. INVESTMENT PROPERTIES (continued)

Investment properties of the Group	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Glory City retail podiums	Level 3	Multiple valuation techniques: income and direct comparison approaches The key inputs of income method are: (1) Capitalization rate; and (2) Market monthly rent	Capitalization rate, taking into account of the capitalization of rental income potential, nature of the property, prevailing market condition, of 4.25% to 5.2% on NOI basis (2016: 4.75% to 5.7%).	A slight increase in the capitalization rate used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa.
			Market monthly rent, using direct market comparables and taking into account of time, location and individual factors such as road frontage, size of property and facilities, of RMB229/sq.m./month (2016: RMB227/sq.m./month) on GFA.	A slight increase in the market monthly rent used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.
		The key input of Direct Comparison Approach is: Unit sale rate	Unit sale rate, taking into account the time, location, and individual factors, such as frontage and size, between the comparable and the property, of RMB41,000/sq.m (2016: RMB39, 800/sq.m).	An increase in the unit sale rate used would result in an increase in the fair value measurement of the investment properties by the same percentage increase, and vice versa.
Fuguiyuan retail podiums	Level 3	Multiple valuation techniques: income and direct comparison approaches The key inputs of income method are: (1) Capitalization rate; and (2) Market monthly rent	Capitalization rate, taking into account of the capitalization of rental income potential, nature of the property, prevailing market condition, of 4.25% to 5.2% on NOI basis (2016: 4.75% to 5.7%).	A slight increase in the capitalization rate used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa.
			Market monthly rent, using direct market comparables and taking into account of time, location and individual factors such as road frontage, size of property and facilities, of RMB196/sq.m./month (2016: RMB196/sq.m./month) on GFA.	A slight increase in the market monthly rent used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.
		The key input of Direct Comparison Approach is: Unit sale rate	Unit sale rate, taking into account the time, location, and individual factors, such as frontage and size, between the comparable and the property, of RMB36,400/sq.m (2016: RMB35, 300/sq.m).	An increase in the unit sale rate used would result in an increase in the fair value measurement of the investment properties by the same percentage increase, and vice versa.
Fugui Complementary Building	Level 3	Multiple valuation techniques: income and direct comparison approaches The key inputs of income method are: (1) Capitalization rate; and (2) Market monthly rent	Capitalization rate, taking into account of the capitalization of rental income potential, nature of the property, prevailing market condition, of 4.7% to 5.2% on NOI basis (2016: 5.2% to 5.7%).	A slight increase in the capitalization rate used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa.
			Market monthly rent, using direct market comparables and taking into account of time, location and individual factors such as road frontage, size of property and facilities, of RMB148/sq.m./month (2016: RMB145/sq.m./month) on GFA.	A slight increase in the market monthly rent used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.
		The key input of Direct Comparison Approach is: Unit sale rate	Unit sale rate, taking into account the time, location, and individual factors, such as frontage and size, between the comparable and the property, of RMB28, 600/sq.m (2016: RMB27, 800/sq.m).	An increase in the unit sale rate used would result in an increase in the fair value measurement of the investment properties by the same percentage increase, and vice versa.

16. INVESTMENT PROPERTIES (continued)

Investment properties of the Group	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Shenzhen Wanji Business Park*	Level 3	Multiple valuation techniques: residual method The key inputs of residual method are: (1) Capitalization rate; and	Capitalization rate, taking into account of the capitalization of rental income potential, nature of the property, prevailing market condition, of 4.75% on NOI basis (2016: 5.45%) for industrial.	A slight increase in the capitalization rate used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa.
		(2) Market monthly rent; and	Market monthly rent, using direct market comparables and taking into account of time, location and individual factors such as road frontage, size of property and facilities, of RMB146/sq.m./month (2016: RMB145/sq.m./month) on GFA.	A slight increase in the market monthly rent used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.
		(3) Expected develop profit margin; and	Expected develop profit margin at 2.5%.	A significant increase in the expected profit would result in a significant decrease in fair value, and vice versa.
		(4) Total development costs to completion	Estimated total construction cost to complete amounted to RMB76,769,070.	Increases in the development costs would result in a decrease in the fair value measurement of the investment properties by the same percentage increase, and vice versa.
Glory Bei Wu Lou^	Level 3	Multiple valuation techniques: income and direct comparison approaches The key inputs of income method are: (1) Capitalization rate; and	Capitalization rate, taking into account of the capitalization of rental income potential, nature of the property, prevailing market condition, of 4.5% on NOI basis.	A slight increase in the capitalization rate used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa.
		(2) Market monthly rent	Market monthly rent, using direct market comparables and taking into account of time, location and individual factors such as road frontage, size of property and facilities, of RMB170/sq.m./month on GFA.	A slight increase in the market monthly rent used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.
		The key input of Direct Comparison Approach is: Unit sale rate	Unit sale rate, taking into account the time, location, and individual factors, such as frontage and size, between the comparable and the property, of RMB34,800/sq.m .	An increase in the unit sale rate used would result in an increase in the fair value measurement of the investment properties by the same percentage increase, and vice versa.

* These investment properties are under development as of December 31, 2017 and 2016.

^ The property is transferred from property, plant and equipment in the current year upon end of owner-occupation.

In estimating the fair value of the investment properties, the Group uses market observable data to the extent it is available. The management of the Group works closely with the valuers to establish the appropriate valuation techniques and inputs to the model.

The unrealized gain on property revaluation amounting to RMB955,743,000 (2016: RMB876,425,000) was recognized in profit or loss during the year ended December 31, 2017.

The Group had pledged investment properties of approximately RMB16,769,654,000 (2016: RMB14,824,090,000) at December 31, 2017 to secure bank and other borrowing granted to the Group as set out in Note 44.

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings RMB'000	Construction in progress RMB'000	Leasehold improvement RMB'000	Motor vehicles RMB'000	Electronic equipment & furniture RMB'000	Total RMB'000
Cost						
At January 1, 2016	152,480	—	42,057	49,481	23,194	267,212
Additions	—	56,885	25,065	13,247	6,989	102,186
Acquisition of subsidiaries (note 42)	—	2,414	—	1,178	133	3,725
Disposals	—	—	—	(453)	(363)	(816)
Disposal of subsidiaries (note 43)	(3,950)	—	—	(323)	(4,326)	(8,599)
At December 31, 2016	148,530	59,299	67,122	63,130	25,627	363,708
Additions	6,594	80,376	22,503	7,949	4,487	121,909
Transfer from investment properties	597,931	—	—	—	—	597,931
Disposals	—	—	—	(2,594)	(1,171)	(3,765)
Transfer to investment properties	(98,991)	—	—	—	—	(98,991)
At December 31, 2017	654,064	139,675	89,625	68,485	28,943	980,792
Accumulated depreciation						
At January 1, 2016	63,847	—	31,472	31,353	10,292	136,964
Charge for the year	8,948	—	11,968	6,726	4,250	31,892
Eliminated on disposals	—	—	—	(439)	(323)	(762)
Disposal of subsidiaries (note 43)	(525)	—	—	(183)	(2,146)	(2,854)
At December 31, 2016	72,270	—	43,440	37,457	12,073	165,240
Charge for the year	9,107	—	10,019	8,046	4,543	31,715
Eliminated on disposals	—	—	—	(2,405)	(1,076)	(3,481)
Transfer to investment properties	(62,940)	—	—	—	—	(62,940)
At December 31, 2017	18,437	—	53,459	43,098	15,540	130,534
Carrying amount						
At December 31, 2017	635,627	139,675	36,166	25,387	13,403	850,258
At December 31, 2016	76,260	59,299	23,682	25,673	13,554	198,468

17. PROPERTY, PLANT AND EQUIPMENT (continued)

As at December 31, 2017, leasehold land and buildings with carrying amount of approximately RMB617,349,000 (2016: RMB63,245,000) were pledged to banks to secure bank and other borrowings granted to the Group as set out in Note 44.

The above items of property, plant and equipment, other than construction in progress, are depreciated using the straight-line method after taking into account of their estimated residual values over the following estimated useful lives:

Leasehold land and buildings	Over the shorter of the term of the lease or 20 years
Leasehold improvement	Over the shorter of the term of the lease or 5 years
Motor vehicles	5 years
Electronic equipment & furniture	5 years

18. OTHER NON-CURRENT ASSETS

Other non-current assets of the Group comprise software licenses and payments for an urban redevelopment project.

The software licenses have finite useful lives and are amortized on a straight-line basis over 6 years. As at December 31, 2017, the carrying amount of software licenses is RMB14,330,000 (2016: RMB4,651,000), which are made up of cost of RMB21,284,000 (2016: RMB10,113,000) and accumulated amortization of RMB6,954,000 (2016: RMB5,462,000).

The remaining balance of other non-current assets relates to payments and costs for an urban redevelopment project acquired by the Group in 2016 through the acquisition of a subsidiary, Shenzhen Dachaoshan, which entered into an agreement with an entity established by the local authority for an urban redevelopment project in Shenzhen. Details of the acquisition of Shenzhen Dachaoshan are disclosed in Note 42(c). As at the acquisition date, Shenzhen Dachaoshan has made payments to acquire certain non-agricultural ratio and has the exclusive right to seek government approval for the commencement of the urban redevelopment project after achieving the minimal threshold of the non-agricultural ratio stipulated in the agreement. The urban redevelopment project includes several units and is intended to be developed in different phases. As at December 31, 2017, Shenzhen Dachaoshan has met the minimal threshold of the non-agricultural ratio for the first unit in that region and has initiated the procedures for the approvals from the relevant government authorities in relation to the redevelopment of that area. The directors of the Company are confident that Shenzhen Dachaoshan will be able to meet the non-agricultural ratio requirement for the rest of the units in the region and approvals from the relevant authorities will ultimately be obtained in the future. The recovery of the carrying amount will be through the returns to be generated from this urban redevelopment project of which the redevelopment right will be granted exclusively to Shenzhen Dachaoshan upon approval. As at December 31, 2017, the carrying amount of this non-current asset is RMB1,039,448,000 (2016: RMB789,448,000).

19. INTEREST IN A JOINT VENTURE

	At December 31, 2017 RMB'000	At December 31, 2016 RMB'000
Cost of investment in a joint venture	**10,000**	—
Share of post-acquisition losses	**(936)**	—
	9,064	—

Name of entity	Place of establishment and operation	Proportion of ownership interest held by the Group 2017	Proportion of voting rights held by the Group 2017	Principal activity
Beijing Maorui Properties Co.,Ltd. ("Maorui Zhiye") 北京茂瑞置業有限公司	PRC	**20%**	20%	Property development

Note: The Group holds 20% of the registered capital of Maorui Zhiye, and the relevant activities of the investee require the unanimous consent of the parties sharing control. Accordingly, the entity is classified as a joint venture of the Group.

Summarised financial information in respect of Maorui Zhiye is set out below:

	At December 31, 2017 RMB'000
Current assets	**8,382,721**
Non-current assets	**102**
Current liabilities	**(4,137,606)**
Non-current liabilities	**(4,199,900)**
The above amounts of assets and liabilities include the following:	
Cash and cash equivalents	**18,064**
Current financial liabilities (excluding trade and other payables and provisions)	**—**
Non-current financial liabilities (excluding trade and other payables and provisions)	**(4,199,900)**

19. INTEREST IN A JOINT VENTURE (continued)

	Period from August 7, 2017 to December 31, 2017 RMB'000
Loss and total comprehensive expense for the period	(4,682)
Dividends received from the joint venture during the period	—

20. INTEREST IN ASSOCIATES

	At December 31, 2017 RMB'000	At December 31, 2016 RMB'000
Cost of investment in associates	275,260	—
Share of post-acquisition losses	(6,014)	—
	269,246	—

Details of the Group's associates at the end of reporting period are as follow:

Name of entity	Place of establishment and operation	Proportion of ownership interest by the Group 2017	Proportion of ownership interest by the Group 2016	Proportion of voting rights held by the Group 2017	Proportion of voting rights held by the Group 2016	Principal activity
Jiangmen Yinghuiwan Estate Co., Ltd. ("Jiangmen Yinghuiwan") (note) 江門映暉灣房地產有限公司	PRC	10%	—	20%	—	Property development
Guangdong Hongtaiguotong Estate Co., Ltd. ("Guangdong Hongtaiguotong") (note) 廣東宏泰國通地產有限公司	PRC	10%	—	33%	—	Property development
Guangdong Guosha Estate Co., Ltd. ("Guangdong Guosha") (note) 廣東國廈地產有限公司	PRC	10%	—	33%	—	Property development
Tianjin Tianfurongsheng Real Estate Development Co., Ltd. ("Tianjin Tianfurongsheng") (note) 天津天富融盛房地產開發有限公司	PRC	10%	—	33%	—	Property development

20. INTEREST IN ASSOCIATES (continued)

Name of entity	Place of establishment and operation	Proportion of ownership interest by the Group		Proportion of voting rights held by the Group		Principal activity
		2017	2016	2017	2016	
Sanya Jingheng Properties Co., Ltd. ("Sanya Jingheng") (note) 三亞景恒置業有限公司	PRC	10%	—	33%	—	Property development
Handan Guoxia Real Estate Development Co., Ltd. ("Handan Guoxia") (note) 邯鄲市國夏房地產開發有限公司	PRC	10%	—	33%	—	Property development
Chongqing Guosha Estate Development Co., Ltd. ("Chongqing Guosha") (note) 重慶國廈房地產開發有限公司	PRC	10%	—	33%	—	Property development
Beijing Ruida Properties Co., Ltd. ("Ruida Zhiye") 北京鋭達置業有限公司	PRC	35%	—	35%	—	Property development

Note: The board of directors of Jiangmen Yinghuiwan compose of five directors, among which the Group has the right to appoint one out of five directors in it. Other than Jiangmen Yinghuiwan, the board of directors of each entity compose of three directors, among which the Group has the right to appoint one director in the board. Resolutions in the board of directors meetings of these entities are passed by majority votes. Thus in the opinion of the directors, the Group has significant influence in these entities and accounted for as associates in the consolidated financial statements.

Aggregate information of associates that are not individually material

	Period from August 31, 2017 to December 31, 2017 RMB'000
The Group's share of loss and total comprehensive expense	(6,014)
Aggregate carrying amount of the Group's interests in these associates	269,246

21. AVAILABLE-FOR-SALE INVESTMENTS

	At December 31, 2017 RMB'000	At December 31, 2016 RMB'000
Unlisted equity investments, at cost:		
Equity securities (note)	**165,192**	165,192

Note:

The available-for-sale investments comprises 1.23% equity interest in Bohai Life Ltd (渤海人壽保險股份有限公司), a private entity established in the PRC which is engaged in insurance business, and 10% equity interest in Yongqing Jiyin Rural Bank Co., Ltd (永清吉銀村鎮銀行股份有限公司), a private entity established in the PRC which is engaged in banking operation.

The available-for-sale investments are subsequently 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.

22. PREPAID LEASE PAYMENTS

	At December 31, 2017 RMB'000	At December 31, 2016 RMB'000
Prepaid lease payments	**287,473**	293,508
Analysed for reporting purposes as:		
Non-current	**281,438**	287,473
Current (included in trade and other receivables, deposits and prepayments)	**6,035**	6,035
	287,473	293,508

Prepaid lease payment represents land use right in the PRC.

As at December 31, 2017, the Group had pledged the land use rights of approximately RMB286,638,000 (2016: RMB2,121,000) to secure bank and other borrowings granted to the Group as set out in Note 44.

23. DEFERRED TAXATION

The following are the major deferred tax assets (liabilities) recognized and movements thereon during the reporting period:

	Tax losses	Temporary differences on sale deposits received	LAT	Fair value gain on properties	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (note)	RMB'000
At January 1, 2016	50,295	55,330	151,293	(2,000,749)	916	(1,742,915)
Credited (charged) to profit or loss	15,011	67,103	58,325	(218,929)	460	(78,030)
Acquisition of a subsidiary	—	—	—	—	236	236
At December 31, 2016	65,306	122,433	209,618	(2,219,678)	1,612	(1,820,709)
Credited (charged) to profit or loss	24,855	(39,674)	152,060	(258,313)	1,828	(119,244)
Charged to other comprehensive income	—	—	—	(81,237)	—	(81,237)
At December 31, 2017	90,161	82,759	361,678	(2,559,228)	3,440	(2,021,190)

Note: The "others" mainly relates to temporary differences on allowance for doubtful debts on trade receivables and exceeding advertising fee.

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for the financial reporting purpose:

	At December 31,	
	2017	2016
	RMB'000	RMB'000
Deferred tax assets	**404,235**	290,533
Deferred tax liabilities	**(2,425,425)**	(2,111,242)
	(2,021,190)	(1,820,709)

23. DEFERRED TAXATION (continued)

No deferred taxation asset has been recognized in respect of the following unutilized tax losses due to the unpredictability of future profit streams, estimated at the end of the reporting period. The unrecognized tax losses will expire in the following years:

	At December 31,	
	2017	2016
	RMB'000	RMB'000
To be expired on:		
December 31, 2017	**—**	899
December 31, 2018	**2,178**	2,179
December 31, 2019	**55,572**	55,594
December 31, 2020	**37,813**	37,827
December 31, 2021	**41,436**	41,436
December 31, 2022	**80,420**	—
Total unused tax losses not recognized as deferred tax assets	**217,419**	137,935

24. DEPOSITS PAID FOR LAND ACQUISITION

The amounts represent deposits paid for public tenders, auctions or listing-for-bidding of land use rights in the PRC for the purpose of development for sale.

25. PROPERTIES UNDER DEVELOPMENT

The properties under development are located in the PRC.

As at December 31, 2017, certain of the Group's properties under development with a carrying amount of approximately RMB14,215,345,000 (2016: RMB12,318,147,000) was pledged to secure bank and other borrowings granted to the Group as set out in Note 44.

In the opinion of the directors of the Company, properties under development with carrying amount of approximately RMB11,080,121,000 (2016: RMB15,263,371,000) as at December 31, 2017 are expected to be completed and realized after twelve months from the end of the reporting period.

As at December 31, 2017, the Group was in the process of obtaining the certificates of land use rights of RMB1,625,970,000 (2016: RMB287,164,000) from the relevant authorities.

26. JOINT OPERATION

On September 1, 2009, Glory Xingye (Beijing) Real Estate Co., Ltd 北京國瑞興業地產股份有限公司 ("Original Beijing Glory") entered into an agreement with an independent third party (the "Project Partner") in respect of a joint development project of Qinian Street Rebuild Primary Land Development Project in the PRC (the "Qinian Street Project").

Pursuant to the agreement, Original Beijing Glory and the Project Partner set up an operation committee to exercise joint control and manage the project together. The two parties contribute the funding, share revenue and bear costs equally.

The amount included in the consolidated financial statements arising from the joint operation is as follows:

	Year ended December 31,	
	2017	2016
	RMB'000	RMB'000
Analysis of profit or loss		
Revenue	**75,095**	137,616
Cost of sales and services	**(73,931)**	(134,539)
Profit before tax	**1,164**	3,077

The details of the assets and liabilities arising from the joint operation are set out in Notes 29 and 36 respectively.

27. PROPERTIES HELD FOR SALE

The Group's properties held for sale are stated at the lower of cost and net realizable value and situated in the PRC. In the opinion of the directors of the Company, properties held for sale of approximately RMB254,594,000 (2016: RMB23,057,000) as at December 31, 2017 are expected to be sold after twelve months from the end of the reporting period.

As at December 31, 2017, properties held for sale of approximately RMB1,203,340,000 (2016: RMB1,880,084,000) were pledged to secure bank and other borrowings granted to the Group as set out in Note 44.

28. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Trade receivables mainly comprise of rental receivables and receivables for sales of properties. Pursuant to the lease agreements, rental payment is required to be settled in advance with no credit period being granted to the tenants. In respect of sales of properties, a credit period of six to twelve months may be granted to specific customers on a case-by-case basis.

	At December 31,	
	2017	2016
	RMB'000	RMB'000
Trade receivables, net of allowance	**480,394**	185,849
Advances to contractors and suppliers	**274,537**	376,959
Other receivables from independent third parties (note)	**17,261**	17,261
Other receivables and prepayment, net of allowance	**183,746**	152,430
Prepaid lease payment - current portion	**6,035**	6,035
Deposits	**120,973**	64,943
	1,082,946	803,477

Note: Other receivables from independent third parties are of non-trade nature, unsecured, interest free and repayable on demand.

28. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

The following is an aging analysis of trade receivables based on the date of recognition of revenue at the end of the reporting period:

	At December 31,	
	2017	2016
	RMB'000	RMB'000
0 to 60 days	**281,666**	28,168
61 to 180 days	**66,121**	12,623
181 to 365 days	**59,737**	26,890
1-2 years	**21,715**	94,541
Over 2 years	**51,155**	23,627
	480,394	185,849

Trade receivables with an amount of approximately RMB59,743,000 (2016: RMB102,184,000) as at December 31, 2017, were overdue receivables but not impaired at the end of each of the reporting period. The Group does not hold any collateral over these balances. The following is an aging analysis of overdue receivables based on due date.

	At December 31,	
	2017	2016
	RMB'000	RMB'000
Less than 1 year	**25,756**	94,065
1-2 years	**27,669**	2,864
Over 2 years	**6,318**	5,255
	59,743	102,184

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period.

All the receivables that are neither past due nor impaired are due from customers with good settlement history.

28. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

Movements in the allowance for doubtful debts on trade receivables are set out as follows:

	Year ended December 31,	
	2017	2016
	RMB'000	RMB'000
Balance at the beginning of the year	**3,027**	3,651
Reversed during the year	**—**	(624)
Balance at the end of the year	**3,027**	3,027

Included in allowance for doubtful debts are trade receivables individually impaired which are due from debtors under financial difficulties. In addition, the Group assessed impairment on a collective basis. No further allowance for doubtful debts was recognized.

29. AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORK

	At December 31,	
	2017	2016
	RMB'000	RMB'000
Contract in progress		
Construction costs incurred plus recognized profits	**1,991,139**	1,913,512
Less: progress billings	**(800,000)**	(550,000)
	1,191,139	1,363,512

Contract in progress represents the Group's interest in the Qinian Street Project, which is recognized through a joint operation. Details are set out in Note 26.

In the opinion of the directors of the Company, amounts due from customers for contract work amounting to RMB1,191,139,000 as at December 31, 2017 (2016: RMB1,363,512,000) are expected to be settled after twelve months from the end of the reporting period.

30. FINANCIAL ASSETS AT FAIR VALUE THROUGH PORFIT OR LOSS

	At December 31,	
	2017	2016
	RMB'000	RMB'000
Funds	**97**	97
	97	97

31. RESTRICTED BANK DEPOSITS

	At December 31,	
	2017	2016
	RMB'000	RMB'000
Deposits pledged for banking facilities (note a)	**224,995**	10,146
Restricted bank deposits (note b)	**303,312**	104,559
Deposits pledged for mortgage loans granted to customers (note c)	**198,174**	171,961
	726,481	286,666
Analysed for reporting purposes as:		
Non-current (note d)	**105,720**	135,167
Current	**620,761**	151,499
	726,481	286,666

Notes:

(a) The amounts represent bank deposits denominated in RMB pledged to banks as security for certain banking facilities granted to the Group and disclosed in Note 44.

(b) The amounts include bank deposits, subject to the banks' approval, that are restricted for payments of construction works of the specified development projects as set out in the relevant loan agreements.

(c) The amounts represent bank deposits pledged to banks as security for certain mortgage loans granted by the banks to the Group's customers. The pledged bank deposits will be released upon receiving the building ownership certificate of the respective properties by the banks from the customers as security of the mortgage loans granted.

(d) Deposits pledged as security for mortgage loans of the Group's customers that are not expected to be released within twelve months after the end of the reporting period are classified as non-current assets.

31. RESTRICTED BANK DEPOSITS (continued)

The bank deposits carry prevailing market interest rates as follows:

	At December 31,	
	2017	2016
Range of interest rate per annum	**0.30%**	0.30%~0.42%

32. CASH AND BANK BALANCES

	At December 31,	
	2017 **RMB'000**	2016 RMB'000
Cash and bank balances	**1,591,506**	1,234,250

Cash and cash equivalents comprise cash and bank balances held by the Group.

The bank balances carry interest rates as follows:

	At December 31,	
	2017	2016
Range of interest rate per annum	**0.30%~0.38%**	0.30%~0.46%

Cash and bank balances as at December 31, 2017 were denominated in RMB and HK$, and RMB is not a freely convertible currency in the international market. The exchange rate of RMB is determined by the government of the PRC and the remittance of these funds out of the PRC is subject to exchange restrictions imposed by the government of the PRC.

33. TRADE AND OTHER PAYABLES

	At December 31, 2017 RMB'000	At December 31, 2016 RMB'000
Trade payable	**4,099,193**	3,943,878
Deposits received	**431,967**	622,806
Rental received in advance	**49,361**	26,696
Payable for acquisition of subsidiaries (note a)	**—**	786,868
Accrued payroll	**56,076**	45,833
Business and other tax payable	**386,111**	243,709
Other payables and accruals	**637,398**	437,317
Dividends	**15,000**	—
	5,675,106	6,107,107
Analyzed for reporting purposes as:		
Non-current (note b)	**89,393**	77,794
Current	**5,585,713**	6,029,313
	5,675,106	6,107,107

Notes:

(a) The remaining balance as at December 31, 2016 comprised the outstanding balance of consideration amounted to RMB750,868,000 for the acquisition of equity interests in Qidong Yujiangwan during 2016 and the outstanding balance of consideration amounted RMB36,000,000 in relation to the equity interests in Shaanxi Huawei Shida Industrial Co., Ltd. 陝西華威世達實業有限公司 ("Shaanxi Huawei") acquired in 2013. These amounts were unsecured, interest free and repayable on demand.

During 2017, consideration amounted to RMB36,000,000 for the acquisition of Shaanxi Huawei and consideration amounted to RMB563,150,000 for the acquisition of Qidong Yujiangwan was paid and the remaining consideration payable amounted to RMB187,718,000 in respect of acquisition of Qidong Yujiangwan was settled as detailed in Note 42.

(b) Pursuant to the relevant agreements, rental deposits of approximately RMB89,393,000 (2016: RMB77,794,000) as at December 31, 2017 are to be settled after twelve months from the end of the reporting period and is therefore classified as non-current liability.

33. TRADE AND OTHER PAYABLES (continued)

Trade payables comprise construction costs payable and other project-related expenses payable. The average credit period of trade payable is 180 days.

The following is an aging analysis of trade payables based on invoice date at the end of the reporting period:

	At December 31, 2017 RMB'000	At December 31, 2016 RMB'000
0 to 60 days	**2,196,999**	2,551,084
61-365 days	**458,745**	478,604
1-2 years	**975,541**	772,986
Over 2 years	**467,908**	141,204
	4,099,193	3,943,878

34. DEPOSITS RECEIVED FROM SALE OF PROPERTIES

In the opinion of the directors of the Company, no deposits received from sale of properties as at December 31, 2017 (2016: Nil) are expected to be recognized as revenue after twelve months from the end of the reporting period.

35. TAXATION PAYABLE

	At December 31, 2017 RMB'000	At December 31, 2016 RMB'000
LAT payable	**1,489,095**	900,312
Income tax payable	**1,003,091**	994,163
	2,492,186	1,894,475

36. BANK AND OTHER BORROWINGS

	At December 31, 2017 RMB'000	2016 RMB'000
Bank loans, secured	**19,517,064**	15,607,867
Other loans, secured	**4,710,000**	300,000
	24,227,064	15,907,867
The borrowings are due to be repayable:		
On demand	**100,000**	1,071,200
Within one year	**11,525,399**	1,806,289
More than one year, but not exceeding two years	**6,427,891**	11,071,080
More than two years, but not exceeding five years	**3,185,080**	1,521,298
More than five years	**2,988,694**	438,000
	24,227,064	15,907,867
Less: Amount due within one year shown under current liabilities	**(11,625,399)**	(2,877,489)
Amount shown under non-current liabilities	**12,601,665**	13,030,378

The Group's bank and other borrowings are all denominated in RMB. Details of assets that have been pledged to secure bank and other borrowings are set out in Note 44.

The directors of the Company consider that the carrying amounts of borrowings and related interest payable amounting to RMB48,915,000 (December 31, 2016: RMB32,166,000) as at December 31, 2017 recognized in the consolidated financial statements approximate to their fair value.

Bank loans

Borrowings include approximately RMB8,399,086,000 (2016: RMB6,878,889,000) variable rate borrowings which carry effective interest ranging from 2.58% to 6.50% (2016: 2.46% to 6.65%) per annum during the year ended December 31, 2017 and exposed the Group to cash flow interest rate risk. The remaining borrowings are arranged at fixed rate, the effective interest rate was 5.90% to 8.75% (2016: 5.90% to 10.00%) per annum during the year ended December 31, 2017, and exposed the Group to fair value interest rate risk.

As at December 31, 2017, bank borrowings amounting to RMB364,000,000 (2016: RMB388,000,000) are specific borrowings for the Qinian Street Project as set out in Note 26.

36. BANK AND OTHER BORROWINGS (continued)

Bank loans (continued)

As at December 31, 2016, in respect of several bank loans with an aggregate carrying amount of RMB1,071,200,000, the Group breached certain covenants of the bank loans, which are primarily related to the debt-equity ratio. On discovery of the breaches, the directors of the Company informed the lenders and commenced a renegotiation of the terms of the loans with the relevant bankers. Among these bank loans that breached loan covenants, bank borrowings amounting to RMB756,200,000 were early repaid by the Group in the current year. During the year ended December 31, 2017, loans amounting to RMB100,000,000 breached certain loan covenants and were also under renegotiation between the Group and relevant bankers. As at December 31, 2017, these negotiations have not been concluded and waivers from the lenders for their rights to demand immediate payment have not been obtained as at the end of the reporting period. Accordingly, the loans are repayable on demand and have been classified as current liabilities as at December 31, 2017. Up to the date of approval for issuance of these consolidated financial statements, the negotiations are still in progress. The directors of the Company are confident that their negotiations with the lenders will ultimately reach a successful conclusion. In any event, should the lenders call for immediate repayment of the loans, the directors of the Company believe that adequate alternative sources of finance are available to ensure that there is no threat to the continuing operations of the Group.

Included in the bank loans, the following loans were borrowed through the entrusted bank loans:

(i) Original Beijing Glory

On October 27, 2016, Original Beijing Glory borrowed a loan of RMB1,400,000,000 with a fixed interest rate at 7% per annum from Shanghai Haitong Securities Management Co., Ltd through the entrusted loan of Ziyang Minsheng Rural Banking. The loan is guaranteed by Shantou Garden Group Co., Ltd. 汕頭花園集團有限公司 ("Garden Group") and secured by the investment property held by Original Beijing Glory. The loan will be due for repayment on October 19, 2018.

On October 27, 2017, Original Beijing Glory borrowed a loan of RMB1,200,000,000 with a fixed interest rate at 6.05% per annum from Bank of Beijing Co., Ltd through the entrusted loan of Beijing Branch of Bank of Beijing Co., Ltd. The loan is guaranteed by Guorui Properties Limited, Garden Group, Mr. Zhang Zhangsun and secured by the investment properties held by Original Beijing Glory. The loan will be due for repayment every half year from April 2019 to October 2032.

36. BANK AND OTHER BORROWINGS (continued)

Bank loans (continued)

(ii) Glory Xingye (Beijing) Investment Co., Ltd 國瑞興業(北京)投資有限公司 ("Glory Investment") and Beijing Wenhuashengda Real Estate Development Co., Ltd 北京文華盛達房地產開發有限公司 ("Beijing Wenhuashengda")

In December 2015, Glory Investment and Beijing Wenhuashengda borrowed loans of RMB1,072,002,000 and RMB837,522,000 respectively from Bosera Capital Management Co., Ltd through the entrusted loan of China Bohai Bank Beijing Branch. The loans are secured by 100% equity interest of Glory Investment and Beijing Wenhuashengda, and are guaranteed by Original Beijing Glory, Garden Group, Mr. Zhang Zhangsun and Ms. Ruan Wenjuan. Both loans carried a fixed interest at 6.5% per annum. The loan of RMB1,072,002,000 will be due for repayment on December 21, 2018. Part of the loan borrowed by Beijing Wenhuashengda amounted to RMB37,522,000 was repaid in 2015, and the remaining balance of RMB800,000,000 will be due for repayment on December 21, 2018.

In 2016, Glory Investment and Beijing Wenhuashengda further borrowed loans of RMB627,998,000 and RMB550,478,000 respectively from Bosera Capital Management Co., Ltd through the entrusted loan of China Bohai Bank Beijing Branch. Both loans carried a fixed interest at 6.5% per annum. For Glory Investment, loan amount of RMB400,000,000 will be due for repayment on January 4, 2018, and remaining balance of RMB227,998,000 will be due for repayment on January 4, 2019. For Beijing Wenhuashengda, loan amount of RMB462,478,000 will be due for repayment on January 4, 2018, and the remaining balance of RMB88,000,000 will be due for repayment on December 21, 2018.

In 2017, Glory Investment further borrowed loans of RMB180,000,000 with a fixed interest rate at 6.5% per annum from Bosera Capital Management Co., Ltd through the entrusted loan of China Bohai Bank Beijing Branch. The total balance will be due for repayment on January 11, 2019.

(iii) Shenzhen Glory Read Estate Co. Ltd. 深圳國瑞興業房地產有限公司 ("Shenzhen Glory Xingye")

In November 2015, Shenzhen Glory Xingye borrowed a loan of RMB300,000,000 from Great Wall Capital Co., Ltd through the entrusted loan of Guangdong Huaxing Bank Shenzhen Branch. The loan carried a fixed interest at 10% per annum, and was secured by 75% of equity interest as well as investment properties of Shenzhen Wanji, a subsidiary of Shenzhen Glory Xingye. Besides the security, the loan was also guaranteed by Garden Group and Mr. Zhang Zhangsun and Ms. Ruan Wenjuan. The loan was repaid during the current year.

36. BANK AND OTHER BORROWINGS (continued)

Bank loans (continued)

(iv) Foshan Glory Southern Real Estate Development Co., Ltd 佛山市國瑞南方地產開發有限公司 ("Foshan Glory Southern")

On July 28, 2016, Foshan Glory Southern borrowed a loan of RMB670,000,000 from Shanghai Zhihua Investment Center (Limited Partnership) through the entrusted loan of Bank of China Foshan Branch. The loan carries a fixed interest at 5.9% per annum, and is secured by 100% equity interest and properties under development of Foshan Glory Southern. Besides the security, the loan is also guaranteed by Garden Group, Foshan Glory Xingye Real Estate Co., Ltd 佛山市國瑞興業地產有限公司 ("Foshan Glory") and Mr. Zhang Zhangsun. The loan will be due for repayment on July 27, 2018.

(v) Suzhou Glory Real Estate Co., Ltd. 蘇州國瑞地產有限公司 ("Suzhou Glory")

In May 16, 2016, Suzhou Glory borrowed a loan of RMB2,500,000,000 from Southern Capital Management Co., Ltd through the entrusted loan of Bank of Jiangsu Suzhou Wuzhong Branch. The loan carries a fixed interest at 8.0% per annum, and is secured 100% equity interest of Suzhou Glory as well as properties under development of Suzhou Glory. Besides the security, the loan is also guaranteed by New Beijing Glory, Garden Group, Mr. Zhang Zhangsun and Ms. Ruan Wenjuan. Part of the loan amounted to RMB250,000,000 was repaid during the current year, and the remaining balance will be due for repayment on May 15, 2018.

(vi) Foshan Guohua Properties Co., Ltd. 佛山國華置業有限公司("Foshan Guohua")

On May 26, 2017, Foshan Guohua borrowed a loan of RMB1,650,000,000 from Essence securities Co., Ltd through the entrusted loan of Bank of Tianjin Beijing Branch. The loan carries a fixed interest at 7.15% per annum, and is secured by 100% equity interest of Foshan Guohua. Besides the security, the loan is also guaranteed by Garden Group, Guorui Properties Limited, Mr. Zhang Zhangsun, and Mrs Ruan Wenjuan. Part of the loan amounted to RMB400,000,000 will be due for repayment on May 25, 2019, and the remaining balance will be due for repayment on May 25, 2020.

36. BANK AND OTHER BORROWINGS (continued)

Other loans

(i) Shenyang Dadongfang Properties Co., Ltd. 瀋陽大東方置業有限公司 ("Shenyang Dadongfang")

In December 2015, a trust loan of RMB300,000,000 was borrowed from SDIC Taikang Trust Co., Ltd. by Shenyang Dadongfang. The loan is secured by certain properties under development and properties held for sale of the Group. The loan carries fixed interests at 8.3% per annum in the first year and 9.8% per annum in the second year, respectively. The loan was fully repaid on December 29, 2017.

(ii) New Beijing Glory

In February 2017, New Beijing Glory entered into a trust loan agreement with China Minsheng Trust Co., Ltd. in which the total credit facility granted is RMB1,000,000,000. The loan is secured by certain land use rights and properties under development of Shenyang Dadongfang, Qidong Yujiangwan and Yao Ji (Nantong) Industrial Co., Ltd. (姚記(南通)實業有限公司) ("Yaoji Nantong"), and secured by 100% equity interest of Qidong Yujiangwan Co., Ltd. Besides the security, the loan is also guaranteed by Garden Group and Mr. Zhang Zhangsun. The loan carries fixed interest at 7% per annum. Part of the loan amounted to RMB300,000,000 will be due for repayment in February 2018, and part of the loan amounted to RMB200,000,000 will be due for repayment in August 2018, and the remaining balance will be due for repayment in February 2019.

(iii) Suzhou Glory

In April 2017, Suzhou Glory entered into a trust loan agreement with Jiangsu International Trust Co., Ltd. in which the total credit facility granted is RMB800,000,000. The loan is secured by land use rights in properties under development of Suzhou Glory. The loan is also guaranteed by Garden Group, Mr. Zhang Zhangsun and Ms. Ruan Wenjuan. Suzhou Glory has drawn down the loan amounts of RMB400,000,000 during 2017. The loan carries the higher of variable interest at 36.84% above benchmark loan rate quoted by the People's Bank of China or 6.5% per annum. Part of the loan amounted to RMB50,000,000 was repaid during the current year, and the loan will be due for repayment in October, 2019.

(iv) Beijing Deheng Real Estate Development Co., Ltd 北京國瑞德恒房地產開發有限公司("Beijing Deheng")

In July 2017, Beijing Deheng entered into a trust loan agreement with Chongqing International Trust Inc. in which the total credit facility granted is RMB2,280,000,000. The loan is secured by land use rights in properties under development and 100% equity interest of Beijing Deheng. Besides the security, the loan is also guaranteed by Garden Group and Beijing Deheng. The loan carries fixed interest at 8% per annum. The Company has drawn down the full amount of the loan during the current year, and the total balance will be due for repayment in July, 2019.

36. BANK AND OTHER BORROWINGS (continued)

Other loans (continued)

(v) Langfang Guoxing Real Estate Development Co., Ltd 廊坊國興房地產開發有限公司 ("Langfang Guoxing")

In August 2017, Langfang Guoxing entered into a trust loan agreement with China Credit Trust Co., Ltd. in which the total credit facility granted is RMB2,340,000,000. The loan is secured by land use rights in properties under development and 100% equity interest of Langfang Glory Real Estate Development Co., Ltd. 廊坊國瑞房地產開發有限公司 ("Langfang Glory"). Besides the security, the loan is also guaranteed by Garden Group and Langfang Glory. The first loan of RMB1,080,000,000 was drawn down during the current year, and will be due for repayment within 24 months. Pursuant to the terms in the trust loan agreement, the loans carry fixed interest at 8.25% or 8.75% per annum, depend on the drawn down dates of the loans.

37. CORPORATE BONDS

Corporate bonds

On November 11, 2015, Garden Group has issued its first tranche of domestic corporate bonds to the public in the PRC ("First Tranche Issue") with a principal amount of RMB2,000,000,000, bearing interest at the coupon rate of 7.25% per annum paid annually, and has a term of 5 years. On December 22, 2015, Garden Group has issued the second tranche of domestic corporate bonds to the public in the PRC ("Second Tranche Issue") with a principal amount of RMB1,000,000,000, bearing interest at the coupon rate of 7.47% per annum, paid annually, and has a term of 5 years. The Group is entitled to adjust or not adjust the coupon rate at the end of the third year with the right of redemption exercisable by the holders. The corporate bonds of First Tranche Issue and Second Tranche Issue are collectively referred as "2015 Corporate Bonds".

On September 22, 2016, Garden Group has issued its first tranche of domestic corporate bonds through non-public offering in the PRC ("First Tranche Non-public Issue") with a principal amount of RMB1,000,000,000, bearing interest at the coupon rate of 5.3% per annum paid annually, and has a term of 5 years. The Group is entitled to adjust the coupon rate at the end of the third year with the right of redemption exercisable by the holders. The non-public offering corporate bonds of 2016 are referred as "2016 Corporate Bonds". The 2016 Corporate Bonds are secured by certain investment properties of the Group.

According to the terms and conditions of the 2015 and 2016 Corporate Bonds, Garden Group has the right to adjust and not adjust the coupon rate for the fourth and fifth year at the end of the third year, by giving a 30-day notice to the bondholder before November 10 and December 21, 2018 and September 21, 2019 for the First Tranche Issue and the Second Tranche Issue of 2015 Corporate Bonds and the First Tranche Non-public Issue of 2016 Corporate Bonds, respectively. At the same time, the bondholder may at its option require Garden Group to redeem the bond at a redemption price equal to 100% of the principal plus accrued and unpaid interest to such redemption date. The remaining bond will be subject to the adjusted interest rate until the maturity date. The effective interest rate of the First Tranche Issue and Second Tranche Issue of 2015 Corporate Bonds is approximately 7.61% and 7.64% per annum, and the effective interest rate of the First Tranche Non-public Issue of 2016 Corporate Bonds is approximately 5.47% per annum after the adjustment for transaction costs.

2015 Corporate Bonds are subject to the redemption at the option of the bondholders in 2018 and they have been classified as current liabilities as at December 31, 2017.

The directors of the Company consider that the carrying amounts of corporate bonds and related interest payable amounting to RMB35,402,000 (December 31, 2016: RMB35,401,000) as at December 31, 2017 recognized in the consolidated financial statements approximate to their fair value.

38. SENIOR NOTES

On March 21, 2017, the Company issued senior notes with an aggregate nominal value of United States dollars ("US$") 300,000,000 ("2017 Senior Notes") at face value. The 2017 Senior Notes bear interest from March 21, 2017 at 7.00% per annum payable semi-annually in arrears on March 21 and September 21 of each year, commencing September 21, 2017. The 2017 Senior Notes will mature on March 21, 2020. The effective interest rate is approximately 7.82% per annum after the adjustment for transaction costs. The 2017 Senior Notes are listed on the Hong Kong Exchange Securities Trading Limited.

According to the terms and conditions of the 2017 Senior Notes, the Company may at its option to redeem the 2017 Senior Notes in the following circumstances: (1) On 21 March, 2019, the Company may redeem the 2017 Senior Notes, in whole and not in part, at the redemption price equal to 100% of the principal amount of the 2017 Senior Notes redeemed plus accrued and unpaid interest, if any, on the 2017 Senior Notes redeemed, to (but not including) the date of redemption. (2) At any time prior to March 21, 2019, the Company may redeem the 2017 Senior Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the redeemed 2017 Senior Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. Applicable premium means with respect to 2017 Senior Notes at any redemption date, the greater of (i) 1.00% of the principal amount of such notes and (ii) the excess of (A) the present value at such redemption date of the principal amount of such notes on March 21, 2019, plus all required remaining scheduled interest payments due on such notes through March 21, 2019 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the adjusted treasury rate plus 100 basis points, over (B) the principal amount of such notes on such redemption date. (3) At any time and from time to time prior to March 21, 2020, the Company may redeem up to 35% of the aggregate principal amount of the 2017 Senior Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 107.00% of the principal amount of the 2017 Senior Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date, provided that at least 65% of the aggregate principal amount of the 2017 Senior Notes originally issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

The holders of 2017 Senior Notes have the right, at their option, to require the Company to repurchase for cash all of their 2017 Senior Notes, or any portion of the principal thereof that is equal to US$200,000 or an integral multiple of US$1,000 in excess thereof, on March 21, 2019 at the repurchase price equal to 100% of the principal amount of 2017 Senior Notes to be repurchased, plus accrued and unpaid interest to, but excluding, March 21, 2019.

The directors of the Company consider that the fair value of the above early redemption options was insignificant on initial recognition and at December 31, 2017.

The carrying amount of 2017 Senior Notes is amounting to RMB1,940,948,000 and related interest payable is amounting to RMB37,660,000 as at December 31, 2017. The fair value of 2017 Senior Notes at December 31, 2017 is approximately RMB1,941,461,000 based on quoted market price and classified as level 1 of fair value hierarchy.

39. SHARE CAPITAL

	Number of shares	Share capital HK$	Equivalent to RMB'000
Ordinary shares of HK$0.001 each			
Authorised:			
At January 1, 2016, December 31, 2016 and 2017	10,000,000,000	10,000,000	
Issued and fully paid:			
At January 1, 2016	4,433,814,997	4,433,815	3,511
Exercise of share options (Note 41)	3,179,318	3,179	2
At December 31, 2016	4,436,994,315	4,436,994	3,513
Exercise of share options (Note 41)	6,352,671	6,353	6
At December 31, 2017	4,443,346,986	4,443,347	3,519

During the year ended December 31, 2017, share options to subscribe for 6,352,671 (2016: 3,179,318) ordinary shares with par value of HK$0.001 each were exercised at HK$1.428 (2016: HK$1.428) per share.

40. RETIREMENT BENEFIT PLANS

According to the relevant laws and regulations in the PRC, the Company's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated by the local municipal government. The group entities in the PRC contribute funds which are calculated on a certain percentage range from 12% to 20% of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees. The principal obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme. The total cost charged to profit or loss for the year ended December 31, 2017 amounted to RMB24,280,000 (2016: RMB21,482,000), represent contributions paid or payable to the scheme by the Group.

41. SHARE-BASED PAYMENT TRANSACTIONS

i. Share award scheme

Pursuant to the share award scheme adopted by the Company on June 5, 2014 (the "Share Award Scheme"), a total of four employees were awarded in aggregate 33,617,700 shares of the Company on June 16, 2014. The awarded shares will vest in three equal tranches on the first, second and third anniversary of the date on which the Company's shares are listed on the Stock Exchange (the "Listing Date"), respectively. 33.33% of the Awarded Shares were vested during the year ended December 31, 2017 (2016: 33.33%).

The weighted average fair value of the shares granted under the Share Award Scheme at June 16, 2014 was RMB56,242,000, which was determined using Monte Carlo simulation model. The significant inputs into the model were estimated fair value of these unlisted shares at the grant date, expected dividend pay-out rate, annual risk-free rate and volatility rate. The volatility is measured based on past year's historical price volatility of similar companies.

The Group recognized an expense of RMB2,841,000 (2016: RMB10,500,000) for the year ended December 31, 2017 in relation to shares awarded by the Company.

The shares awarded by the Company will be settled with the existing shares held by a trust company on behalf of the Company. During the year ended December 31, 2017, 11,205,908 (2016: 11,205,896) shares had been vested to the employees.

The following table discloses movements of the awarded shares during both years:

	Outstanding at January 1, 2017	**Vested during the year**	**Outstanding at December 31, 2017**
Awarded shares	**11,205,908**	**(11,205,908)**	**—**

	Outstanding at January 1, 2016	Vested during the year	Outstanding at December 31, 2016
Awarded shares	22,411,804	(11,205,896)	11,205,908

41. SHARE-BASED PAYMENT TRANSACTIONS (continued)

ii. Share Option Scheme

Pre-IPO Share Option Scheme

Pursuant to the pre-IPO share option scheme adopted by the Company on June 5, 2014 (the "Pre-IPO Share Option Scheme"), the Company granted to 54 employees options to subscribe for an aggregate of 67,076,800 shares of the Company on June 16, 2014 (the "Pre-IPO Share Option").

All options under the Pre-IPO Share Option Scheme were granted on June 16, 2014 and no further options will be granted under the Pre-IPO Share Option Scheme prior to the Listing Date. No additional performance target or condition applies to the outstanding options granted under the Pre-IPO Share Option Scheme. The exercise price for any option granted under the Pre-IPO Share Option Scheme shall be 60% of the offer price. The share options granted will vest in three equal tranches on the first, second and third anniversary of the Listing Date, respectively. All share options will be expired after 7 years since the grant date.

The vesting period of the Pre-IPO Share Options is as follows:

33.33%: from the date of grant to July 7, 2015
33.33%: from the date of grant to July 7, 2016
33.34%: from the date of grant to July 7, 2017

Post-IPO Share Option Scheme

The Company adopted the post-IPO share option scheme on June 5, 2014 (the "Post-IPO Share Option Scheme") to enable the Company to grant options to any director (including the independent non-executive directors), full-time employee and consultant of the Group or any other eligible person who, in the Board's sole discretion, has contributed or will contribute to the Group (the "Eligible Participants"). The purpose of the Post-IPO Share Option Scheme is to encourage the Eligible Participants to contribute to the Group for the long-term benefits of the Company and its shareholders as a whole.

Pursuant to the Post-IPO Share Option Scheme, the Company offered to 137 employees options to subscribe for an aggregate of 98,000,000 shares of the Company. The first tranche of 49,000,000 shares options were granted on October 27, 2015 and were forfeited during the year ended December 31, 2015 because of failure to satisfy the performance conditions. The second tranche of 49,000,000 share options were granted on March 23, 2016 ("Share Option 2016") and were forfeited during the year ended December 31, 2016 because of failure to satisfy the performance conditions.

41. SHARE-BASED PAYMENT TRANSACTIONS (continued)

ii. Share Option Scheme (continued)

The following table discloses movements of the Company's share options held by employees and directors during the year ended December 31, 2017:

	Outstanding at January 1, 2017	Granted during the year	Exercised during the year	Forfeited during the year (Note)	Outstanding at December 31, 2017
Pre-IPO Share Option					
– Directors	10,500,000	—	—	—	10,500,000
– Other staff	50,416,483	—	(6,352,671)	(249,998)	43,813,814
	60,916,483	—	(6,352,671)	(249,998)	54,313,814
Exercisable at the end of the year					54,313,814
Weighted average exercise price (HK$)	1.428	—	1.428	1.428	1.428

Note: The share options granted under Pre-IPO Share Option were forfeited during the year ended December 31, 2017 because the employees failed to exercise vested share options within six months after termination of employment.

41. SHARE-BASED PAYMENT TRANSACTIONS (continued)

ii. Share Option Scheme (continued)

	Outstanding at January 1, 2016	Granted during the year	Exercised during the year	Forfeited during the year (Note)	Outstanding at December 31, 2016
Pre-IPO Share Option					
– Directors	10,500,000	—	—	—	10,500,000
– Other staff	54,395,803	—	(3,179,318)	(800,002)	50,416,483
Share Option 2016					
– Directors	—	2,900,000	—	(2,900,000)	—
– Other staff	—	46,100,000	—	(46,100,000)	—
	64,895,803	49,000,000	(3,179,318)	(49,800,002)	60,916,483
Exercisable at the end of the year					38,957,509
Weighted average exercise price (HK$)	1.428	3.75	1.428	3.71	1.428

Note: The share options granted under Pre-IPO Share Option were forfeited during the year ended December 31, 2016 because of resignation of the employees before vesting of the share options. Share Option 2016 were forfeited during the year ended December 31, 2016 because of failure to satisfy the performance conditions.

In respect of the share options exercised during the year, the weighted average share price at the dates of exercise is HK$2.54 per share.

41. SHARE-BASED PAYMENT TRANSACTIONS (continued)

ii. Share Option Scheme (continued)

The fair values of the share options granted were calculated using the binominal model. The inputs into the model were as follows:

	Share Option 2016	Pre-IPO Share Option
Date of grant	March 23, 2016	June 16, 2014
Share price at the date of grant	HK$3.02	HK$2.38
Exercise price of the options	HK$3.75	HK$1.428
Expected volatility	39.41%	42.10%
Expected life	9.6 years	7 years
Risk-free rate	1.086%	1.32%
Expected dividend yield	1.417%	4.88%
Fair value	RMB 0.6605	RMB 0.720

Expected volatility was determined by using the historical volatility of the similar companies and the Company. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. Changes in variables and assumptions may result in changes in the fair value of the options.

The Group recognized the total expense of RMB2,365,000 (2016: RMB8,953,000) for the year ended December 31, 2017 in relation to share options granted by the Company.

42. ACQUISITION OF SUBSIDIARIES

(a) In November 2017, State Wealth Holdings Limited (國豐控股有限公司) ("State Wealth") a subsidiary of the Company, entered into an agreement with Chaotuan International Investment Limited (潮團國際投資有限公司) ("Chaotuan International Investment"), an independent third party, with respect to equity interests transfer of Chaotuan International Limited (潮團國際有限公司) ("Chaotuan International") and its wholly owned subsidiary Chaotuan International Trade Co., Ltd. (潮團國際商貿有限公司). According to the agreement, State Wealth will subscribe for 611,111,111 shares of Chaotuan International at a consideration of RMB610,238,000. Upon completion of the Subscription, the shares held by State Wealth and Chaotuan International Investment will be 55% and 45%, respectively. During the year ended December 31, 2017, the Group has paid subscription amounting to RMB90,000,000 and obtains control of Chaotuan International. Chaotuan International and its subsidiary have not carried on any business or operations other than holding one parcel of land. This acquisition is accounted for as an acquisition of assets and the associated liabilities.

(b) On January 8, 2016, the Group entered into an agreement with Shantou Jinming Wujin Material Co., Ltd. (汕頭金明五金材料有限公司) ("Jinming Wujin"), a company controlled by Mr. Zhang Zhangsun, for the acquisition of 100% equity interest in Shantou Guorui Hospital Co., Ltd. (汕頭市國瑞醫院有限公司) ("Guorui Hospital") for a total cash consideration of RMB306,000,000. Guorui Hospital currently owns the land use right of a parcel of land in Shantou. Guorui Hospital has not carried on any business or operations other than holding this parcel of land. This acquisition is accounted for as an acquisition of assets and the associated liabilities.

(c) On March 5, 2014, Shenzhen Glory Xingye, a subsidiary of the Company, entered into an equity interest transfer agreement to acquire 30% of the equity interest in Shenzhen Dachaoshan from Mr. Ma Pengfa and Shenzhen Dachao Capital Management Co., Ltd (深圳大潮資本管理有限公司) ("Shenzhen Dachao"), of which the former party transfers 10% of the equity interest while the latter party transfers 20% of the equity interest to Shenzhen Glory Xingye, for a total consideration of RMB12,000,000. Both Mr. Ma Pengfa and Shenzhen Dachao are not related to the Group. According to a share capital resolution passed on March 16, 2014, Shenzhen Glory Xingye increased its capital contribution in Shenzhen Dachaoshan by RMB24,000,000, and the equity interest ratio remains unchanged.

On July 20, 2016, Shenzhen Glory Xingye entered into agreements with Ruili Yefeng Commercial Co., Ltd (瑞麗市業豐貿易有限公司), Shenzhen Junpengxin Real Estate Co., Ltd (深圳市駿鵬鑫房地產有限公司), Shenzhen Dachao and Mr. Ma Pengfa in relation to the acquisition of the additional 45% equity interest of Shenzhen Dachaoshan. Upon completion of this equity transaction, the Group made a total payment of RMB534,596,800 and obtained control over Shenzhen Dachaoshan. This acquisition is accounted for as an acquisition of assets and the associated liabilities.

42. ACQUISITION OF SUBSIDIARIES (continued)

(d) On September 19, 2016, New Beijing Glory entered into an agreement with the independent third parties, namely Ms. Yao Xiaoli (姚曉麗), Mr. Yao Shuobin (姚朔斌) and Mr. Yao Wenchen (姚文琛) (collectively referred as the "Vendors") with respect to equity interests transfer of Qidong Yujiangwan and its subsidiary, Yaoji Nantong. According to the agreement, 100% equity interest in Qidong Yujiangwan and Yaoji Nantong and equity holder's loan of approximately RMB818,639,000 were transferred to New Beijing Glory for a total cash consideration of RMB1,877,170,000. The consideration was paid by instalments. As of the end of 2016, the Group had paid 60% of the total consideration and respective 60% equity interest of Qidong Yujiangwan was transferred to the Group. The remaining 30% and 10% of the total consideration would be paid and respective equity interest would be transferred accordingly before March 31, 2017 and October 1, 2017 respectively. As the Group was obliged to settle the outstanding consideration payable and the Group was exposed to any risk or entitled to any rewards relating to 100% equity interest as equity holder of Qidong Yujiangwan and Yaoji Nantong, the acquisition was considered as a single acquisition or a linked transaction in 2016. The Group accounted for Qidong Yujiangwan and Yaoji Nantong at 100% effective interest in 2016. This acquisition was accounted for as an acquisition of assets and the associated liabilities.

During 2017, New Beijing Glory has further paid 30% of the total consideration to the Vendors. On December 21, 2017, New Beijing Glory has renegotiated and entered into a supplementary agreement with the Vendors. According to the supplementary agreement, New Beijing Glory disposed of the 10% equity interest in Qidong Yujiangwan at a consideration of RMB187,718,000 which was settled through the consideration payable to the Vendors of same amount. As at the end of the reporting period, New Beijing Glory holds 90% equity interest of Qidong Yujiangwan.

42. ACQUISITION OF SUBSIDIARIES (continued)

The net assets of subsidiaries at the date of acquisition are as follows:

	Year ended December 31,			
	2017 Chaotuan International RMB'000	2016 Shenzhen Dachaoshan RMB'000	2016 Qidong Yujiangwan RMB'000	2016 Guorui Hospital RMB'000
Assets acquired and liabilities recognized at the date of acquisition:				
Property, plant and equipment	**—**	1,000	—	2,725
Properties under development	**164,433**	—	1,871,882	—
Prepaid lease payments	**—**	—	—	290,495
Deferred tax assets	**—**	—	—	236
Trade and other receivables	**—**	—	5,283	5,933
Cash and bank balances	**90,015**	312	5	9,821
Trade and other payables	**(90,802)**	(233)	—	(3,210)
Other non-current assets	**—**	789,448	—	—
Net assets acquired	**163,646**	790,527	1,877,170	306,000
Less: Non-controlling interests	**(73,646)**	(224,461)	—	—
Total consideration	**90,000**	566,066	1,877,170	306,000
Satisfied by:				
Cash	**90,000**	534,597	1,126,302	236,000
Deposit paid in prior year	**—**	—	—	70,000
Consideration payable	**—**	—	750,868	—
Interest in Shenzhen Dachaoshan	**—**	31,469	—	—
	90,000	566,066	1,877,170	306,000
Net cash inflow (outflow) arising on acquisition:				
Cash consideration	**(90,000)**	(534,597)	(1,126,302)	(236,000)
Bank balances and cash acquired	**90,015**	312	5	9,821
	15	(534,285)	(1,126,297)	(226,179)

43. DISPOSAL OF SUBSIDIARIES

During 2016, New Beijing Glory, an 80% owned subsidiary of the Company, disposed of the entire 100% equity interest in Glory Services and its subsidiary to Shenzhen Glory Industrial, a related party controlled by Mr. Zhang Zhangsun. The gain on disposal of the subsidiary amounted to RMB283,000 were recognized as a deemed contribution from equity holder recognized directly in equity.

	Year ended December 31, 2016 RMB'000
Consideration	5,000
Analysis of assets and liabilities over which control were lost:	
Property, plant and equipment	5,745
Intangible assets	296
Trade and other receivables	18,523
Inventories	16
Cash and bank balances	17,816
Trade and other payables	(35,304)
Amounts due to related parties	(2,446)
Net assets disposed of	4,646
Gain on disposal of a subsidiary recognized in equity:	
Other receivables (note)	5,000
Net assets disposed of	(4,646)
Non-controlling interests	(71)
	283
Net cash outflow arising on disposal:	
Cash consideration	—
Less: bank balances and cash disposed of	17,816
	(17,816)

Note: The consideration receivable of RMB5,000,000 is unsecured, interest free and repayable on demand.

44. PLEDGE OF ASSETS

The following assets were pledged to secure certain bank and other borrowings granted to the Group at the end of each reporting period:

	At December 31,	
	2017	2016
	RMB'000	RMB'000
Investment properties	**16,769,654**	14,824,090
Property, plant and equipment	**617,349**	63,245
Prepaid lease payments	**286,638**	2,121
Properties under development	**14,215,345**	12,318,147
Properties held for sale	**1,203,340**	1,880,084
Restricted bank deposits	**224,995**	10,146
	33,317,321	29,097,833

As at December 31, 2017, bank deposits of RMB198,174,000 (2016: RMB171,961,000) were pledged as security for mortgage loans of the Group's customers.

As at December 31, 2017 and 2016, 100% equity interest in Foshan Glory Southern, Glory Investment, Beijing Wenhuashengda, Foshan Guohua, Shantou Glory Real Estate Development Co., Ltd. 汕頭市國瑞房地產開發有限公司 ("Shantou Glory"), Suzhou Glory, 51% equity interest in Hainan Junhe Industrial Co., Ltd. 海南駿和實業有限公司 ("Hainan Junhe"), 75% equity interest in Shenzhen Wanji and 90% equity interest in Qidong Yujiangwan were pledged to certain banks and other borrowings in the PRC.

As at December 31, 2017, 100% equity interest in Guorui Hospital, Beijing Deheng and Langfang Glory were pledged to certain banks and other borrowings in the PRC.

In addition, the Group pledged 100% equity interest in Hainan Glory Investment & Development Co., Ltd. 海南國瑞投資開發有限公司 ("Hainan Glory Investment") to Hai Kou New City Construction & Development Co., Ltd. (海口新城區開發建設有限公司) ("Hai Kou New City") in order to secure the performance obligation as at December 31, 2017 and 2016. Upon the completion of the construction contract, the pledge shall be released within 10 days.

45. COMMITMENTS

	At December 31, 2017 RMB'000	2016 RMB'000
Contracted but not provided for in the consolidated financial statements:		
– Expenditure in respect of investment properties under development	**258,097**	310,802
– Property, plant and equipment	**337,764**	25,576
– Expenditure in respect of investment in a subsidiary	**520,238**	—
	1,116,099	336,378

In addition to the above capital commitments, the Group had contracted expenditure in respect of properties under development of RMB3,557,378,000 (2016: RMB3,569,079,000) as at December 31, 2017, which have not provided for in the consolidated financial statements.

46. CONTINGENT LIABILITIES

	At December 31, 2017 RMB'000	2016 RMB'000
Guarantees provided by the Group in respect of loan facilities utilized by		
– individual property buyers (note)	**7,607,905**	6,563,622
– corporate property buyers (note)	**54,640**	45,420
	7,662,545	6,609,042

Note: The Group has pledged certain bank deposits (details set out in Note 44) and provided guarantees to banks in favor of its customers in respect of the mortgage loans provided by the banks to those customers for the purchase of the Group's developed properties and under development properties. These guarantees provided by the Group to the banks will be released upon receiving the building ownership certificate of the respective properties by the banks from the customers as security of the mortgage loans granted.

In the opinion of the directors of the Company, the fair value of the financial guarantee contracts at initial recognition and subsequently at the end of each reporting period is not significant as the default rate is low.

Pursuant to the construction contract signed between Hainan Glory Real Estate Development Co., Ltd. 海南國瑞房地產開發有限公司("Hainan Glory") and Hai Kou New City on July 5, 2009, Hainan Glory pledged its 100% equity interest in Hainan Glory Investment to Hai Kou New City, the details of the pledge are disclosed in Note 44.

47. FINANCIAL INSTRUMENTS

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to equity holders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debts, which includes the bank and other borrowings as disclosed in Note 36, and corporate bonds and senior notes as disclosed in Notes 37 and 38, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital, retained earnings and other reserves.

The management of the Group reviews the capital structure regularly. The Group considers the cost of capital and the risks associated with each class of capital, and will balance its overall capital structure through issuance of new shares, the payment of dividends, as well as raising of bank and other loans and redemption of bank and other loans.

Categories of financial instruments

	At December 31,	
	2017	2016
	RMB'000	RMB'000
Financial assets		
Loans and receivables (including cash and bank balances)	**5,993,142**	1,900,382
Available-for-sale investments	**165,192**	165,192
Financial assets at fair value through profit or loss	**97**	97
	6,158,431	2,065,671
Financial liabilities		
Liabilities measured at amortized cost	**35,918,453**	25,424,985
Rental deposits received	**123,424**	99,236
	36,041,877	25,524,221

47. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies

The Group's financial instruments include financial assets at fair value through profit or loss, available-for-sale investments, trade and other receivables, amounts due from related parties, restricted bank deposits, bank balances and cash, trade and other payables, amounts due to related parties, bank and other borrowings, corporate bonds and senior notes. Details of these financial instruments are set out in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group's activities expose primarily to the market risks of changes in interest rates and foreign currency exchange rates.

There has been no significant change to the Group's exposure to market risks or the manner in which it manages and measures the risk over each of the reporting period.

(1) Interest rate risk

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances, restricted bank deposits and bank and other borrowings which carry at prevailing deposit interest rates or variable rate based on the interest rates quoted by the People's Bank of China.

The Group's fair value interest rate risk relates primarily to its fixed rate bank and other borrowings, corporate bonds and senior notes. The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

47. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

(1) Interest rate risk (continued)

Interest rate sensitivity

The sensitivity analysis below has been prepared based on the exposure to interest rates on variable rate bank and other borrowings at the end of the reporting period. No sensitivity analysis has been presented for bank balances and restricted bank deposits as the management considers that the fluctuation in interest rates on bank balances and restricted bank deposits is minimal. For variable rate bank and other borrowings, the analysis is prepared assuming the stipulated change taking place at the beginning of the financial year and held constant throughout the year. A 50 basis points (2016: 50 basis points) increase or decrease for variable rate bank and other borrowings are used when reporting interest rate risk internally to key management personnel and represent management's assessment of the reasonably possible change in interest rate in respect of bank and other borrowings.

If interest rates had been increased/decreased by 50 basis points (2016: 50 basis points) in respect of variable rate bank and other borrowings and all other variables were held constant, the Group's post-tax profit for the year ended December 31, 2017 (net of interest capitalization effect) would be decreased/increased by approximately RMB3,647,000 (2016: RMB2,809,000).

(2) Foreign currency risk

The Group collects all of its revenue in RMB and incurs most of its expenditures in RMB.

The Group has certain bank deposits, bank loans and senior notes in foreign currencies; hence exposure to exchange rate fluctuations arises. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

47. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

(2) Foreign currency risk (continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Liabilities At December 31,		Assets At December 31,	
	2017 RMB'000	2016 RMB'000	**2017 RMB'000**	2016 RMB'000
HK$	**138,110**	147,654	**10,540**	5,610
US$	**2,012,824**	—	**8,459**	6,235
	2,150,934	147,654	**18,999**	11,845

The sensitivity analysis below has been determined based on a 5% (2016: 5%) possible appreciation or depreciation in other currencies against Renminbi. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjust its translation at the end of the reporting period for a 5% change in the foreign currency rates. The sensitivity rate used is the rate when reporting foreign currency risk internally to key management personnel and represents the management's assessment of the reasonably possible change in foreign exchange rates.

For financial assets, if the foreign currencies appreciates 5% against RMB and all other variables were held constant, the Group's profit for the year ended December 31, 2017 would be increased by RMB950,000 (2016: RMB592,000). There would be an equal and opposite impact on post-tax profit for the year if the foreign currencies depreciates 5% against Renminbi.

For financial liabilities, if the foreign currencies appreciates 5% against RMB and all other variables were held constant, the Group's post-tax profit for the year ended December 31, 2017 would be decreased by RMB107,547,000 (2016: RMB7,383,000). There would be an equal and opposite impact on post-tax profit for the year if the foreign currencies depreciates 5% against Renminbi.

In the opinion of the directors of the Company, the sensitivity analysis is unrepresentative of the inherent currency risk as the exposure at the end of the reporting period does not reflect the exposure during the year.

47. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk

At the end of each of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees issued by the Group is arising from the carrying amount of the respective recognized financial assets as stated in the consolidated statement of financial position and the amount of contingent liabilities disclosed in Note 46. In order to minimize the credit risk, monitoring procedures are carried out to ensure that follow up action is taken to recover overdue debts. In addition, the Group reviews regularly the recoverable amount of each individual trade and other receivables at the end of each of the reporting period. The amounts presented in the consolidated statement of financial position are net of allowances for bad and doubtful debts, estimated by the Group's management based on prior experience and their assessment of the current economic environment.

For properties that are presold but development has not been completed, the Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of the properties for an amount up to 70% of the purchase price of the individual property. If a purchaser defaults on the payment of its mortgage during the period of guarantee, the bank holding the mortgage may demand the Group to repay the outstanding loan and any interest accrued thereon. Under such circumstances, the Group is able to forfeit the sales deposit received and resell the reprocessed properties. Therefore, the management considers it would likely recover any loss incurred arising from the guarantee provided by the Group. The management considers the credit risk exposure to financial guarantees provided to property purchasers is limited because the facilities are secured by the properties and the market price of the properties is higher than the guaranteed amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

For properties that are sold in which consideration not fully received, the management considers the credit risk is limited because the Group is entitled to retain the legal title and take over possession of the underlying properties for re-sale.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk with exposure spread over a number of counterparties and customers.

The credit risk on liquid funds is limited because the counterparties are mainly state-owned banks and with high credit ratings in the PRC.

47. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and the flexibility through the use of borrowings and its available credit facilities. The directors of the Company closely monitor the liquidity position and ensure it has adequate sources of funding to finance the Group's projects and operations.

The management performs cash flow forecasts for the Group's operations and monitors the forecasts of the Group's liquidity requirements from time to time to ensure the Group has sufficient cash to meet its operational needs and settle liabilities when they fall due. The management takes into account the following considerations in projecting their cash flows forecasts: (a) estimated cash inflows from property sales; (b) further loans of RMB8,600 million under provisional approvals of certain banks which are subject to application by the Group; and (c) senior loan notes for issue up to the amount of US$1,000 million (equivalent to approximately RMB6,534 million), the endorsement of which from the National Development and Reform Commission (國家發展和改革委員會) (that valid for the period till June 30, 2018) has been obtained. The directors consider that the Group will be able to maintain sufficient financial resources to meet its operational needs. However, the current economic conditions continue to create uncertainty particularly over the level of demand for the Group's properties for sale and the availability of bank finances for the foreseeable future. Any delay or unavailability of any of the above measure or sources of finance would impact the Group's liquidity position. The management will closely monitor the liquidity position and set out alternative measures which include adjusting the construction progress as appropriate, reducing the Group's spending on land investments, accelerating sales with more flexible pricing and obtaining other external financing through security market.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are variable rate, the undiscounted amount is derived from interest rate at the end of the reporting period. The amounts included below for variable rate financial liabilities is subject to change if change in interest rates differ to those estimates of interest rates determined at the end of the reporting period.

		Undiscounted cash flows						
	Interest rate	On demand RMB'000	Less than 1 year RMB'000	1-2 years RMB'000	2-5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At December 31, 2017								
Trade and other payables	—	893,229	4,867,561	—	—	—	5,760,790	5,760,790
Rental deposits received	—	—	34,031	20,815	68,578	—	123,424	123,424
Bank and other borrowings								
– Fixed interest rate borrowings	5.90%-8.75%	—	9,091,478	5,178,416	2,004,391	1,069,366	17,343,651	15,827,978
– Variable interest rate borrowings	2.58%-6.50%	100,000	3,662,693	1,818,625	1,825,867	2,077,438	9,484,623	8,399,086
Corporate bonds	5.47%-7.64%	—	3,272,700	1,053,000	—	—	4,325,700	3,989,651
Senior notes	7.82%	—	211,700	2,086,762	—	—	2,298,462	1,940,948
		993,229	21,140,163	10,157,618	3,898,836	3,146,804	39,336,650	36,041,877
Financial guarantee contracts	—	7,662,545	—	—	—	—	7,662,545	—
		8,655,774	21,140,163	10,157,618	3,898,836	3,146,804	46,999,195	36,041,877

47. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk management (continued)

	Interest rate	On demand RMB'000	Less than 1 year RMB'000	1-2 years RMB'000	2-5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
		Undiscounted cash flows						
At December 31, 2016								
Trade and other payables	—	1,012,381	4,524,523	—	—	—	5,536,904	5,536,904
Rental deposits received	—	—	21,442	18,689	59,105	—	99,236	99,236
Bank and other borrowings								
– Fixed interest rate borrowings	5.90%-10.00%	—	1,292,582	8,495,427	228,163	—	10,016,172	9,028,978
– Variable interest rate borrowings	2.46%-6.65%	1,071,200	1,428,495	3,112,012	1,454,322	463,192	7,529,221	6,878,889
Corporate bonds	5.47%-7.64%	—	272,700	3,272,700	1,053,000	—	4,598,400	3,980,214
		2,083,581	7,539,742	14,898,828	2,794,590	463,192	27,779,933	25,524,221
Financial guarantee contracts	—	6,609,042	—	—	—	—	6,609,042	—
		8,692,623	7,539,742	14,898,828	2,794,590	463,192	34,388,975	25,524,221

47. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk management (continued)

Bank loans included in the "on demand" time band in the above maturity analysis are loans which the Group breached certain covenants of those loans as detailed in Note 36. As at December 31, 2017 and December 31, 2016, the aggregate undiscounted principal amounts of these bank loans amounted to RMB100,000,000 and RMB1,071,200,000 respectively. Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank loans will be repaid after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

	Undiscounted cash flows					
	Less than 1 year RMB'000	1-2 years RMB'000	2-5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At December 31, 2017						
Bank and other borrowings	4,750	4,750	102,388	—	111,888	100,000
	4,750	4,750	102,388	—	111,888	100,000
At December 31, 2016						
Bank and other borrowings	287,839	517,128	351,581	—	1,156,548	1,071,200
	287,839	517,128	351,581	—	1,156,548	1,071,200

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

47. FINANCIAL INSTRUMENTS (continued)

Fair value

The Group's investment in funds of RMB97,000 (2016: RMB97,000) as at December 31, 2017 is measured subsequent to initial recognition at fair value, are grouped into Level 2 and determined by reference to a discounted cash flows model based on expected interest rates.

Except as disclosed in Notes 36, 37 and 38, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the consolidated financial statements approximate their fair values.

48. OPERATING LEASE ARRANGEMENT

(a) The Group as lessor

The properties held by the Group for rental purpose have committed tenants from six months to twenty years in which majority are fixed rental.

At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease payments under non-cancellable operating leases:

	At December 31,	
	2017	2016
	RMB'000	RMB'000
Within one year	**332,710**	314,171
In the second to the fifth year inclusive	**550,211**	550,769
After the fifth year	**208,410**	213,743
	1,091,331	1,078,683

(b) The Group as lessee

The Group leases various office buildings under non-cancellable operating lease agreements. The lease terms are between 1 and 3 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	At December 31,	
	2017	2016
	RMB'000	RMB'000
No later than 1 year	**1,750**	1,492
In the second to fifth year inclusive	**340**	—
After the fifth year	**210**	—
	2,300	1,492

49. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group has the following related party balances and transactions.

A. During the years ended December 31, 2017 and 2016, the following parties are identified as related parties to the Group and the respective relationships are set out below:

Name of related party	Relationship
Mr. Zhang Zhangsun	Executive Director and controlling shareholder of the Group
Ms. Ruan Wenjuan	Executive Director and spouse of Mr. Zhang Zhangsun
Ms. Zhang Jin	Executive Director and daughter of Mr. Zhang Zhangsun
Beijing Glory Commercial Management Co., Ltd.*("Glory Commercial Management") 北京國瑞興業商業管理有限公司	Controlled by Ms. Zhang Jin, daughter of Mr. Zhang Zhangsun
Jinming Wujin	Controlled by Mr. Zhang Zhangsun
Foshan Yinhe Ruixing Commercial Management Co., Ltd.* ("Foshan Yinhe") 佛山市銀和瑞興商業管理有限公司	Controlled by Ms. Zhang Jin, daughter of Mr. Zhang Zhangsun
Shenyang Glory Xingda Management Co., Ltd* ("Shenyang Xingda") 瀋陽國瑞興達企業管理有限公司	Controlled by Ms. Zhang Jin, daughter of Mr. Zhang Zhangsun
Longhu Huamu Market Co., Ltd* ("Longhu Huamu") 汕頭市龍湖花木市場有限公司	Controlled by Ms. Zhang Youxi, sister of Mr. Zhang Zhangsun
Tonghe Leasing Co., Ltd* ("Tonghe Leasing") 通和租賃股份有限公司	Controlled by Ms. Zhang Youxi, sister of Mr. Zhang Zhangsun
Shantou Garden Hotel Management Co., Ltd.* ("Shantou Garden Hotel") 汕頭市花園賓館管理有限公司	Controlled by Mr. Zhang Zhangsun
Glory Services	Controlled by Mr. Zhang Zhangsun
Alltogether Land	Parent and ultimate holding company controlled by Mr. Zhang Zhangsun
Shenzhen Glory Industrial	Controlled by Mr. Zhang Zhangsun
Heshan Tengyue Property Development Co., Ltd* ("Heshan Tengyue") 鶴山市騰悦房地產開發有限公司	Controlled by Mr. Zhang Zhangqiao, brother of Mr. Zhang Zhangsun

49. RELATED PARTY TRANSACTIONS (continued)

A. During the years ended December 31, 2017 and 2016, the following parties are identified as related parties to the Group and the respective relationships are set out below: (continued)

Name of related party	Relationship
Guangdong Hongtaiguotong	Associate
Guangdong Guosha	Associate
Tianjin Tianfurongsheng	Associate
Sanya Jingheng	Associate
Handan Guoxia	Associate
Chongqing Guosha	Associate
Ruida Zhiye	Associate
Maorui Zhiye	Joint venture

* The English name of the companies established in the PRC are for reference only and have not been registered.

B. At the end of the reporting period, the Group has deposit paid to or amounts receivable from the following related parties and the details are set out below:

Name of related party	At December 31, 2017 RMB'000	At December 31, 2016 RMB'000
Trade nature:		
Foshan Yinhe	16,792	—
Glory Services	3,823	—
Shenyang Xingda	662	—
	21,277	—
Non-trade nature:		
Alltogether Land	140	—
Shenzhen Glory Industrial	5,000	5,000
Maorui Zhiye	827,914	—
Ruida Zhiye	2,073,866	—
	2,906,920	5,000
Total	2,928,197	5,000

49. RELATED PARTY TRANSACTIONS (continued)

B. At the end of the reporting period, the Group has deposit paid to or amounts receivable from the following related parties and the details are set out below: (continued)

Maximum amount outstanding for non-trade receivables	Year ended December 31, 2017 RMB'000	2016 RMB'000
Alltogether Land	140	—
Shenzhen Glory Industrial	5,000	5,000
Maorui Zhiye	827,914	—
Ruida Zhiye	2,073,866	—
Total	2,906,920	5,000

C. At the end of the reporting period, the Group has amounts due to the following related parties and the details are set out below:

Name of related party	At December 31, 2017 RMB'000	2016 RMB'000
Trade nature		
Glory Commercial Management	2,417	3,431
Glory Services	9,847	—
	12,264	3,431
Non-trade nature		
Alltogether Land	605,521	219,444
Jinming Wujin	181	192
Glory Services	—	2,446
Shantou Garden Hotel	3	—
Ruida Zhiye	7,000	—
Guangdong Hongtaiguotong	67,020	—
Guangdong Guosha	11,370	—
Tianjin Tianfurongsheng	44,890	—
Sanya Jingheng	67,130	—
Handan Guoxia	31,430	—
Chongqing Guosha	12,080	—
Heshan Tengyue	34,340	—
	880,965	222,082
Total	893,229	225,513

The balances of non-trade nature are unsecured, interest free and repayable on demand.

49. RELATED PARTY TRANSACTIONS (continued)

D. During the reporting period, the Group entered into the following transactions with its related parties:

Name of related party	Nature of transaction	Year ended December 31, 2017 RMB'000	2016 RMB'000
Trade nature			
Glory Commercial Management	Property management services fee	**42,978**	6,508
Foshan Yinhe	Property management services fee*	**24,502**	—
Shenyang Xingda	Property management services fee	**3,838**	—
Glory Services	Property management services fee	**11,944**	—

* Included in the amount of RMB24,502,000, approximately RMB7,642,000 was the management services fee payable by the Group to Foshan Yinhe in the first half of 2017, in respect of the services rendered as stated in the management service agreement entered into in 2016. In the opinion of the directors of the Company, as the applicable highest percentage ratio with respect to the actual transaction amount incurred in the first half of 2017 was lower than 0.1% of revenue of 2016, thus this amount was exempted from the disclosure of the continuing connected transactions for the year as required under the Listing Rules 14.07.

E. Mr. Zhang Zhangsun and Ms. Ruan Wenjuan have provided guarantees for certain bank loans and other loans granted to the Group for nil consideration. At December 31, 2017, the Group has bank loans and other loans guaranteed by Mr. Zhang Zhangsun and Ms. Ruan Wenjuan amounting to RMB12,221,178,000 (2016: RMB7,293,132,000).

Longhu Huamu has provided guarantees for certain bank loans and other loans granted to the Group for nil consideration. At December 31, 2017, the Group has bank loans and other loans guaranteed by Longhu Huamu amounting to RMB134,000,000 (2016: RMB218,000,000).

At December 31, 2016, the Group had certain bank loans and other loans amounting to RMB147,654,000, of which guaranteed by Jinming Wujin at nil consideration. During the current year, those loans guaranteed by Jinming Wujin were fully repaid and respective guarantees were released.

F. Key management personnel emoluments

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including directors and other key management of the Group. The key management personnel compensation is as follows:

	At December 31, 2017 RMB'000	2016 RMB'000
Short-term employee benefits	**26,010**	20,497
Retirement benefit contributions	**499**	465
Equity-settled share-based payments	**3,003**	11,195
	29,512	32,157

50. SUBSIDIARIES

Details of the Company's subsidiaries at the end of the reporting period are set out below.

Name of subsidiaries	Place of incorporation/ establishment	Issued and fully paid share capital/ paid up capital	Attributable equity interest of the Group At December 31,		Principal activities
			2017	2016	
Well Ample Holdings Limited ("Well Ample")	British Virgin Islands ("BVI")	Issued and fully paid US$1	100%	100%	Intermediate holding
Well Ample (HK)	Hong Kong	Issued and fully paid HK$100,000	100%	100%	Investment holding
State Wealth	BVI	Issued and fully paid US$1	100%	100%	Intermediate holding
State Wealth Holdings (HK) Limited ("State Wealth (HK)")	Hong Kong	Issued and fully paid HK$100,000	100%	100%	Investment holding
All Affluent Holdings Limited ("All Affluent")	BVI	Issued and fully paid US$1	100%	100%	Intermediate holding
All Affluent Holdings (HK) Limited ("All Affluent (HK)")	Hong Kong	Issued and fully paid HK$100,000	100%	100%	Investment holding
Glory Real Estate (HK) Investment Limited ("Glory Real Estate (HK)")	Hong Kong	Issued and fully paid HK$10,000	100%	100%	Investment holding
Shantou Glory Management Limited * ^ 汕頭國瑞企業管理有限公司	PRC	Paid up capital RMB40,000,000	100%	100%	Investment holding and hotel operation
Shantou Glory Trading Co., Ltd.* ^ 汕頭國瑞貿易有限公司	PRC	Paid up capital —	100%	100%	Not yet commence business
Garden Group* ^	PRC	Paid up capital RMB48,000,000	100%	100%	Investment holding
Glory Xingye (Beijing) Industrial Co., Ltd.* ("Glory Industrial") 國瑞興業（北京）實業股份有限公司	PRC	Paid up capital RMB458,224,110	91%	91%	Property development
Shantou Glory Construction Materials and Household Exhibition Center Co., Ltd* 汕頭國瑞建材家居博覽中心有限公司	PRC	Paid up capital RMB200,000,000	90%	90%	Property development

50. SUBSIDIARIES (continued)

Name of subsidiaries	Place of incorporation/ establishment	Issued and fully paid share capital/ paid up capital	Attributable equity interest of the Group At December 31, 2017	2016	Principal activities
Original Beijing Glory*	PRC	Paid up capital RMB1,166,000,000	80%	80%	Property development and investment holding
New Beijing Glory*	PRC	Paid up capital RMB52,000,000	80%	80%	Investment holding
Glory Investment*	PRC	Paid up capital RMB10,000,000	80%	80%	Investment holding
Hainan Glory*	PRC	Paid up capital RMB100,000,000	80%	80%	Property development
Wanning Glory Real Estate Development Co., Ltd.* 萬寧國瑞房地產開發有限公司	PRC	Paid up capital RMB30,000,000	80%	80%	Property development
Hainan Tongcheng Industrial Co., Ltd.* 海南同城實業有限公司	PRC	Paid up capital RMB74,270,000	80%	80%	Property development
Hainan Nandujiang Industrial Development Co., Ltd.* 海南南渡江實業發展有限公司	PRC	Paid up capital RMB20,030,000	80%	80%	Property development
Haikou Hangrui Development Industrial Co., Ltd.* ("Haikou Hangrui") 海口航瑞實業發展有限公司	PRC	Paid up capital RMB110,104,100	80%	80%	Property development
Hainan Glory Investment *	PRC	Paid up capital RMB466,869,243	80%	80%	Property development
Xinzheng Glory Real Estate Development Co.,Ltd. * 新鄭市國瑞房地產開發有限公司	PRC	Paid up capital RMB100,000,000	80%	80%	Property development
Foshan Glory*	PRC	Paid up capital RMB10,000,000	80%	80%	Property development
Foshan Guohua* (note (c))	PRC	Paid up capital RMB100,000,000	44%	44%	Property development

50. SUBSIDIARIES (continued)

Name of subsidiaries	Place of incorporation/ establishment	Issued and fully paid share capital/ paid up capital	Attributable equity interest of the Group At December 31, 2017	2016	Principal activities
Langfang Glory Investment Co., Ltd.* 廊坊國瑞投資有限公司	PRC	Paid up capital RMB100,000,000	80%	80%	Investment holding
Langfang Guosheng Real Estate Development Co., Ltd.* 廊坊國盛房地產開發有限公司	PRC	Paid up capital RMB30,000,000	80%	80%	Property development
Langfang Glory*	PRC	Paid up capital RMB150,000,000	80%	80%	Property development
Langfang Guoxing * ^	PRC	Paid up capital RMB2,011,667,394	100%	100%	Property development
Yongqing County Orchard Sport Services Co., Ltd.* 永清縣果園體育服務有限公司	PRC	Paid up capital RMB1,000,000	80%	80%	Not yet commence business
Shenzhen Glory Xingye *	PRC	Paid up capital RMB100,000,000	100%	100%	Not yet commence business
Shantou Guohua Properties Real Estate Development Co., Ltd.* 汕頭市國華置業地產開發有限公司	PRC	Paid up capital RMB20,000,000	60%	60%	Property development
Shantou Glory Zhoucuowen Real Estate Development Co.,Ltd. * 汕頭市國瑞周厝塭房地產開發有限公司	PRC	Paid up capital RMB20,000,000	68%	68%	Property development
Shenyang Dadongfang *	PRC	Paid up capital RMB186,362,194	80%	80%	Property development
Shenyang Glory Industrial Commerce Co., Ltd.* 瀋陽國瑞興業商務有限公司	PRC	Paid up capital RMB1,000,000	80%	80%	Properties management services

50. SUBSIDIARIES (continued)

Name of subsidiaries	Place of incorporation/ establishment	Issued and fully paid share capital/ paid up capital	Attributable equity interest of the Group At December 31, 2017	2016	Principal activities
Chaoan County Meilin Lake Development & Construction Co., Ltd.* ("Chaoan Meilin") (note (c)) 潮州市潮安區梅林湖開發建設有限公司	PRC	Paid up capital RMB10,000,000	48%	48%	Property development
Shaanxi Huawei*	PRC	Paid up capital RMB200,000,000	80%	80%	Property development
Hainan Junhe*	PRC	Paid up capital RMB50,000,000	80%	80%	Property development
Beijing Wenhuashengda*	PRC	Paid up capital RMB50,000,000	80%	80%	Property development
Foshan Glory Southern*	PRC	Paid up capital RMB33,330,000	80%	80%	Property development
Langfang Guohua Real Estate Development Co., Ltd.* 廊坊市國華房地產開發有限公司	PRC	Paid up capital RMB100,000,000	80%	80%	Property development
Shenzhen Wanji*	PRC	Paid up capital RMB130,000,000	80%	80%	Not yet commence business
Shenzhen Glory Jingang Estate Development Co., Ltd.* 深圳國瑞金港地產開發有限公司	PRC	Paid up capital —	100%	100%	Not yet commence business
Shenzhen Glory Sichuang Estate Development Co., Ltd.* 深圳國瑞思創地產開發有限公司	PRC	Paid up capital —	100%	100%	Not yet commence business
Shenyang Guoyi Business Management Co., Ltd.* 瀋陽國益商業管理有限公司	PRC	Paid up capital RMB20,000,000	80%	80%	Property development

50. SUBSIDIARIES (continued)

Name of subsidiaries	Place of incorporation/ establishment	Issued and fully paid share capital/ paid up capital	Attributable equity interest of the Group At December 31, 2017	2016	Principal activities
Shenyang Guorui Business Management Co., Ltd.* 瀋陽國瑞商業管理有限公司	PRC	Paid up capital RMB50,000,000	**80%**	80%	Property development
Shenyang Guosheng Business Management Co., Ltd.* 瀋陽國盛商業管理有限公司	PRC	Paid up capital RMB30,000,000	**80%**	80%	Property development
Shantou Glory Properties Co. Ltd. * ^ 汕頭市國瑞置業有限公司	PRC	Paid up capital RMB920,100,000	**100%**	100%	Property development
Shantou Glory*	PRC	Paid up capital RMB200,000,000	**80%**	80%	Property development
Suzhou Glory*	PRC	Paid up capital RMB50,000,000	**80%**	80%	Property development
Qidong Yujiangwan*	PRC	Paid up capital RMB50,000,000	**72%**	80%	Property development and investment holding
Yaoji Nantong*	PRC	Paid up capital RMB102,500,000	**72%**	80%	Property development
Zhengzhou Guorui Tourism Development Co., Ltd.* 鄭州國瑞旅遊發展有限公司	PRC	Paid up capital RMB2,100,000	**80%**	80%	Property development
Shenzhen Dachaoshan*	PRC	Paid up capital RMB180,093,000	**75%**	75%	Property development
Guorui Hospital*	PRC	Paid up capital RMB100,000,000	**100%**	100%	Hospital operation (under construction)

50. SUBSIDIARIES (continued)

Name of subsidiaries	Place of incorporation/ establishment	Issued and fully paid share capital/ paid up capital	Attributable equity interest of the Group At December 31, 2017	2016	Principal activities
Beijing Deheng*	PRC	Paid up capital RMB50,000,000	80% (note (b))	—	Property development
Guangzhou Glory Properties Co., Ltd.* 廣州國瑞置業有限公司	PRC	Paid up capital RMB22,000,000	100% (note (b))	—	Property development
Beijing Glory Xingye Architectural Engineering Design Co. Ltd. * 北京國瑞興業建築工程設計有限責任公司	PRC	Paid up capital RMB3,000,000	80%	—	Not yet commence business
Beijing Glory Hengxiang Properties Co., Ltd. * 北京國瑞恒祥置業有限公司	PRC	Paid up capital —	80% (note (b))	—	Not yet commence business
Beijing Glory Xiangheng Properties Co., Ltd. * 北京國瑞祥恒置業有限公司	PRC	Paid up capital —	80% (note (b))	—	Not yet commence business
Chaotuan International	PRC	Paid up capital —	55% (note (d))	—	Investment holding
Chaotuan International Trade Co., Ltd. * 潮團國際商貿有限公司	PRC	Paid up capital —	55% (note (d))	—	Property development
Wuxi Glory Real Estate Development Co., Ltd. * 無錫國瑞房地產開發有限公司	PRC	Paid up capital —	80% (note (b))	—	Not yet commence business
Qidong Glory Hotel Management Co., Ltd. * 啟東國瑞酒店管理有限公司	PRC	Paid up capital —	100% (note (b))	—	Not yet commence business

50. SUBSIDIARIES (continued)

Name of subsidiaries	Place of incorporation/ establishment	Issued and fully paid share capital/ paid up capital	Attributable equity interest of the Group At December 31, 2017	2016	Principal activities
Foshan Guofeng Estate Development Co., Ltd. * 佛山市國豐地產開發有限公司	PRC	Paid up capital RMB10,000,000	**80% (note (b))**	—	Property development
Huizhou Glory Cultural Industry Investment Co., Ltd. * 惠州國瑞文化產業投資有限公司	PRC	Paid up capital RMB10,000,000	**100% (note (b))**	—	Property development
Qidong Glory Properties Co., Ltd. * 啟東國瑞置業有限公司	PRC	Paid up capital RMB68,845,000	**100% (note (b))**	—	Property development
Shenzhen Yuanshan Property Development Co., Ltd. * 深圳市園山物業發展有限公司	PRC	Paid up capital —	**75% (note (b))**	—	Not yet commence business
Guangzhou Glory Industrial Development Co. Ltd. * 廣州國瑞實業發展有限公司	PRC	Paid up capital —	**100% (note (b))**	—	Not yet commence business
Hebei Guochen Science and Technology Development Co. Ltd. * 河北國晨科技發展有限公司	PRC	Paid up capital —	**80% (note (b))**	—	Not yet commence business
Shenzhen Glory Xingye Decoration Co. Ltd. * 深圳國瑞興業裝飾有限公司	PRC	Paid up capital —	**100% (note (b))**	—	Not yet commence business

* The English name of the companies which were established in the PRC are for reference only and have not been registered.

^ These companies are wholly foreign owned enterprises established in the PRC. All other entities established in the PRC are limited liability companies.

50. SUBSIDIARIES (continued)

Notes:

(a) Except Garden Group, none of other subsidiaries had issued any debt securities at the end of each reporting period or at any time during the reporting period.

(b) These subsidiaries were newly established during the year ended December 31, 2017.

(c) Garden Group held 80% equity interest in New Beijing Glory, which held 55% and 60% equity interest in Foshan Guohua and Chaoan Meilin respectively. Therefore, the Company indirectly held 44% and 48% equity interest in Foshan Guohua and Chaoan Meilin respectively.

(d) These subsidiaries were acquired during the year ended December 31, 2017. Details are set out in note 42.

(e) Other than Glory Real Estate (HK), Well Ample, Well Ample (HK), State Wealth, State Wealth (HK), All Affluent and All Affluent (HK) which are investment holding companies in Hong Kong, all subsidiaries operate in the PRC.

(f) Glory Real Estate (HK), Well Ample, State Wealth and All Affluent are directly held by the Company. Other subsidiaries are indirectly held by the Company.

Majority of these subsidiaries operate in the PRC. The principal activities of these subsidiaries are summarised as follows:

Principal activities	Principal place of business	Number of subsidiaries	
		December 31, 2017	December 31, 2016
Property development	PRC	**40**	34
Primary land construction and development services	PRC	**1**	1
Rental business	PRC	**4**	4
Property management and related service	PRC	**1**	1
		46	40

50. SUBSIDIARIES (continued)

The table below shows details of non-wholly owned subsidiaries of the Company that have material non-controlling interests:

Name of subsidiaries	Place of establishment and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests	Profit (loss) allocated to non-controlling interests RMB'000	Accumulated non-controlling interests RMB'000
At December 31, 2017				
Glory Industrial	PRC	9%	3,123	159,365
Original Beijing Glory (note)	PRC	20%	157,616	1,295,295
Shenzhen Dachaoshan	PRC	25%	(778)	238,683
New Beijing Glory (excluding non-controlling interests of New Beijing Glory's subsidiaries)	PRC	20%	93,813	347,065
Non-wholly owned subsidiaries of New Beijing Glory				
– Foshan Guohua	PRC	45%	79,665	132,463
– Qidong Yujiangwan	PRC	10%	—	187,147
– Individual immaterial subsidiaries with non-controlling interests	PRC		(121)	9,955
Total			333,318	2,369,973
At December 31, 2016				
Glory Industrial	PRC	9%	2,735	156,242
Original Beijing Glory (note)	PRC	20%	98,257	1,137,679
Shenzhen Dachaoshan	PRC	25%	—	239,461
New Beijing Glory (excluding non-controlling interests of New Beijing Glory's subsidiaries)	PRC	20%	213,443	444,109
Non-wholly owned subsidiaries of New Beijing Glory				
– Foshan Guohua	PRC	45%	67,035	97,798
– Individual immaterial subsidiaries with non-controlling interests	PRC		(147)	10,219
Total			381,323	2,085,508

50. SUBSIDIARIES (continued)

The table below shows details of non-wholly owned subsidiaries of the Company that have material non-controlling interests: (continued)

Note: The summarised financial information disclosed below comprised of the financial information of Original Beijing Glory and its wholly owned subsidiaries (the "Original Beijing Glory").

Summarised financial information in respect of Glory Industrial, Original Beijing Glory, Shenzhen Dachaoshan, New Beijing Glory and subsidiaries, Foshan Guohua, Qidong Yujiangwan is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Glory Industrial

	At December 31,	
	2017	2016
	RMB'000	RMB'000
Current assets	**3,923,170**	2,603,310
Non-current assets	**1,183,943**	1,145,465
Current liabilities	**(2,983,141)**	(1,584,443)
Non-current liabilities	**(353,249)**	(428,309)
Equity attributable to owners of the Company	**1,611,358**	1,579,781
Non-controlling interests of Glory Industrial	**159,365**	156,242

50. SUBSIDIARIES (continued)

Glory Industrial (continued)

	Year ended December 31, 2017 RMB'000	2016 RMB'000
Revenue	34,343	41,966
Gain on fair value change of investment properties	38,700	24,500
Cost of sales and service and expenses	(38,343)	(36,076)
Profit and total comprehensive income for the year	34,700	30,390
Profit and total comprehensive income attributable to:		
– the owners of the Company	31,577	27,655
– non-controlling interests of Glory Industrial	3,123	2,735
	34,700	30,390
Net cash inflow from operating activities	27,536	25,786
Net cash outflow from investing activities	(1,885)	(4,286)
Net cash outflow from financing activities	(30,020)	(72,222)
Net cash outflow from the above activities	(4,369)	(50,722)

Original Beijing Glory

	At December 31, 2017 RMB'000	2016 RMB'000
Current assets	19,073,403	13,714,835
Non-current assets	13,957,624	12,250,132
Current liabilities	(20,793,292)	(10,760,414)
Non-current liabilities	(5,761,260)	(9,516,160)
Equity attributable to owners of the Company	5,181,180	4,550,714
Non-controlling interests of Original Beijing Glory	1,295,295	1,137,679

50. SUBSIDIARIES (continued)

Original Beijing Glory (continued)

	Year ended December 31, 2017 RMB'000	2016 RMB'000
Revenue	262,210	457,979
Gain on fair value change of investment properties	768,882	615,633
Cost of sales and expenses	(486,724)	(582,329)
Profit for the year	544,368	491,283
Other comprehensive income for the year	243,712	—
Total comprehensive income for the year	788,080	491,283
Total comprehensive income attributable to:		
– the owners of the Company	630,464	393,026
– non-controlling interests of Original Beijing Glory	157,616	98,257
	788,080	491,283
Dividend paid to non-controlling interests	—	62,000
Net cash inflow (outflow) from operating activities	1,880,089	(1,828,975)
Net cash outflow from investing activities	(779,090)	(317,875)
Net cash(outflow) inflow from financing activities	(848,251)	1,519,415
Net cash inflow (outflow) from the above activities	252,748	(627,435)

50. SUBSIDIARIES (continued)

Shenzhen Dachaoshan

	At December 31, 2017 RMB'000	At December 31, 2016 RMB'000
Current assets	71,901	52,773
Non-current assets	1,040,896	790,451
Current liabilities	(265,290)	(695)
Non-current liabilities	—	—
Equity attributable to owners of the Company	608,824	603,068
Non-controlling interests of Shenzhen Dachaoshan	238,683	239,461

	Year ended December 31, 2017 RMB'000	Year ended December 31, 2016 RMB'000
Revenue	(6)	—
Gain on fair value change of investment properties	—	—
Cost of sales and expenses	(3,107)	—
Profit and total comprehensive income for the year	(3,113)	—
Total comprehensive income attributable to:		
– the owners of the Company	(2,335)	—
– non-controlling interests of Shenzhen Dachaoshan	(778)	—
	(3,113)	—
Net cash outflow from operating activities	(283,412)	(32,772)
Net cash inflow (outflow) from investing activities	4	(65)
Net cash inflow from financing activities	263,926	52,337
Net cash (outflow) inflow from the above activities	(19,482)	19,500

50. SUBSIDIARIES (continued)

New Beijing Glory and subsidiaries

	At December 31,	
	2017	2016
	RMB'000	RMB'000
Current assets	**33,327,759**	21,273,728
Non-current assets	**2,858,521**	2,322,064
Current liabilities	**(28,309,617)**	(16,947,170)
Non-current liabilities	**(5,811,773)**	(4,320,058)
Equity attributable to owners of the Company	**1,388,260**	1,776,438
Non-controlling interests of New Beijing Glory	**347,065**	444,109
Non-controlling interests of New Beijing Glory's subsidiaries	**329,565**	108,017

50. SUBSIDIARIES (continued)

New Beijing Glory and subsidiaries (continued)

	Year ended December 31, 2017 RMB'000	2016 RMB'000
Revenue	3,447,468	6,112,638
Gain on fair value change of investment properties	112,060	84,201
Cost of sales and expense	(3,010,919)	(5,062,734)
Profit and total comprehensive income for the year	548,609	1,134,105
Profit and total comprehensive income attributable to:		
– the owners of the Company	375,252	853,774
– non-controlling interests of New Beijing Glory	93,813	213,443
– non-controlling interests of New Beijing Glory's subsidiaries	79,544	66,888
	548,609	1,134,105
Dividend paid to non-controlling interests of New Beijing Glory	191,000	118,000
Net cash outflow from operating activities	(5,079,552)	(1,794,084)
Net cash outflow from investing activities	(891,026)	(1,325,996)
Net cash inflow from financing activities	6,174,656	2,944,867
Net cash inflow (outflow) from the above activities	204,078	(175,213)

50. SUBSIDIARIES (continued)

Foshan Guohua (non-wholly owned subsidiary of New Beijing Glory)

	At December 31, 2017 RMB'000	At December 31, 2016 RMB'000
Current assets	**4,634,061**	2,510,280
Non-current assets	**9,569**	3,820
Current liabilities	**(2,699,268)**	(2,296,771)
Non-current liabilities	**(1,650,000)**	—
Equity attributable to owners of New Beijing Glory	**161,899**	119,531
Non-controlling interests of Foshan Guohua	**132,463**	97,798

	Year ended December 31, 2017 RMB'000	Year ended December 31, 2016 RMB'000
Revenue	**773,956**	975,643
Cost of sales and service and expenses	**(596,923)**	(826,676)
Profit and total comprehensive income for the year	**177,033**	148,967
Profit and total comprehensive income attributable to:		
– the owners of New Beijing Glory	**97,368**	81,932
– non-controlling interests of Foshan Guohua	**79,665**	67,035
	177,033	148,967
Dividend paid to non-controlling interests of Foshan Guohua	**(45,000)**	—
Net cash inflow from operating activities	**106,263**	383,425
Net cash inflow from investing activities	**606**	291
Net cash outflow from financing activities	**(157,255)**	(435,632)
Net cash outflow from the above activities	**(50,386)**	(51,916)

50. SUBSIDIARIES (continued)

Qidong Yujiangwan (non-wholly owned subsidiary of New Beijing Glory)

	At December 31,	
	2017	2016
	RMB'000	RMB'000
Current assets	**2,109,172**	906,742
Non-current assets	**10,132**	443
Current liabilities	**(1,088,950)**	(867,531)
Non-current liabilities	**—**	—
Equity attributable to owners of New Beijing Glory	**843,207**	39,654
Non-controlling interests of Qidong Yujiangwan	**187,147**	—

51. MAJOR NON-CASH TRANSACTIONS

On December 21, 2017, New Beijing Glory has renegotiated and entered into a supplementary agreement with the Vendors. According to the supplementary agreement, New Beijing Glory disposed of the 10% equity interest in Qidong Yujiangwan at a consideration of RMB187,718,000 which was settled through the consideration payable to the Vendors of same amount. Further details of the transaction are set out in Note 42.

52. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details major changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Borrowings (Note 36)	Corporate bonds (Note 37)	Senior notes (Note 38)	Amounts due to related parties (Note 49)	Others (Note)	Total
At January 1, 2017	15,907,867	3,980,214	—	222,082	45,636	20,155,799
Financing activities	8,319,197	—	2,041,048	(112,023)	(1,876,266)	8,371,956
Acquisition of associates	—	—	—	275,260	—	275,260
Interest expenses	—	9,437	14,595	—	1,691,994	1,716,026
Exchange difference	—	—	(114,695)	(44,354)	—	(159,049)
Dividend declared to the owners of the Company	—	—	—	540,000	—	540,000
Dividend declared to the non-controlling interest	—	—	—	—	236,000	236,000
At December 31, 2017	24,227,064	3,989,651	1,940,948	880,965	97,364	31,135,992

Note: Others mainly include interest payables and dividend payable.

53. EVENT AFTER THE REPORTING PERIOD

On March 2, 2018, the Company has completed the issuance of senior loan notes (the "Notes") at par value in an aggregate principal amount of US$250,000,000. The Notes bear interest at 10.2% per annum payable semi-annually in arrears on September 2, 2018 and March 1, 2019. The Notes will mature on March 1, 2019.

54. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	At December 31,	
	2017 RMB'000	2016 RMB'000
Non-current assets		
Unlisted investments in subsidiaries	**454,218**	268,771
Amounts due from subsidiaries	**3,106,831**	1,171,423
	3,561,049	1,440,194
Current assets		
Trade and other receivables, deposits and prepayments	**583**	548
Cash and bank balances	**17,550**	4,304
	18,133	4,852
Current liabilities		
Trade and other payables	**37,823**	1,054
Bank and other borrowings - due within one year	**209,986**	147,654
Amounts due to subsidiaries	**797,543**	351,667
	1,045,352	500,375
Net current liabilities	**(1,027,219)**	(495,523)
Total assets less current liabilities	**2,533,830**	944,671
Non-current liability		
Senior notes	**1,940,948**	—
	1,940,948	—
Net assets	**592,882**	944,671
Capital and reserves		
Share capital	**3,519**	3,513
Reserves	**589,363**	941,158
Total equity	**592,882**	944,671

54. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (continued)

Movement in the Company's reserves

	Share premium	Capital reserve	Equity-settled share-based payment reserve	Treasury shares reserve	Retained earnings (accumulated losses)	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2016	1,033,470	56,242	59,368	(37,495)	(13,252)	1,098,333
Profit and total comprehensive income for the year	—	—	—	—	25,450	25,450
Dividend declared to the shareholder of the Company	(206,000)	—	—	—	—	(206,000)
Recognition of equity-settled share-based payments	—	—	19,453	—	—	19,453
Exercise of share options	6,211	—	(2,289)	—	—	3,922
Shares vested under share award scheme	—	—	(18,747)	18,747	—	—
At January 31, 2016	833,681	56,242	57,785	(18,748)	12,198	941,158
Profit and total comprehensive income for the year	—	—	—	—	175,239	175,239
Dividend declared to the shareholder of the Company	(540,000)	—	—	—	—	(540,000)
Recognition of equity-settled share-based payments	—	—	5,206	—	—	5,206
Exercise of share options	12,334	—	(4,574)	—	—	7,760
Shares vested under share award scheme	—	—	(18,748)	18,748	—	—
At December 31, 2017	306,015	56,242	39,669	—	187,437	589,363

FIVE-YEAR FINANCIAL SUMMARY

	For the year ended December 31, (RMB million)				
	2017	2016	2015	2014	2013
Revenue	**6,787**	8,035	6,514	5,279	6,835
Gross profit	**3,169**	3,118	2,679	2,405	3,705
Profit before tax	**3,567**	3,230	2,700	2,059	3,856
Profit for the year attributable to	**2,040**	1,956	1,583	1,206	2,770
– attributable to owners of the Company	**1,750**	1,563	1,261	951	2,234
– attributable to non-controlling interests	**290**	393	322	255	536
Earnings per share attributable to ordinary equity holders of the Company, in Renminbi cents:					
– Basic	**39.46**	35.38	28.62	23.42	59.57
– Diluted	**39.20**	35.04	28.28	23.34	59.57

	At December 31, (RMB million)				
	2017	2016	2015	2014	2013
Total assets	**58,544**	44,718	35,227	29,013	22,467
– Non-current assets	**22,990**	18,545	15,669	13,273	8,199
– Current assets	**35,554**	26,173	19,558	15,740	14,268
Total Liabilities	**44,952**	32,907	25,299	20,478	16,371
– Non-current liabilities	**18,054**	19,200	13,525	8,383	7,919
– Current liabilities	**26,898**	13,707	11,774	12,094	8,452
Total equity	**13,592**	11,811	9,928	8,536	6,096
– equity attributable to equity owners of the Company	**10,902**	9,484	8,119	7,016	4,788
– equity attributable to non-controlling interests	**2,690**	2,327	1,809	1,520	1,308

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GUORUI PROPERTIES LIMITED

國瑞置業有限公司