



AGILE
雅居樂

雅居樂集團控股有限公司

AGILE GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability) Stock Code: 3383

2017

ANNUAL REPORT



Develop our future
with vision and
enthusiasm

Corporate Profile

Agile Group Holdings Limited (“Agile” or the “Group”; Stock Code: 3383), as a renowned brand in China, is principally engaged in the development of large-scale mixed-use property projects, with extensive presence in the businesses of property management, hotel operations, property investment, environmental protection and construction. The Group currently owns a portfolio of property development projects in over 50 cities and districts. As at 31 December 2017, the Group had a land bank with a total planned GFA of 34.10 million sq.m. (including both lands with titles and contractual interests).

The shares of Agile have been listed on the Main Board of Hong Kong Stock Exchange since 2005 and are currently the constituent stock of Hang Seng Composite Index, Hang Seng Global Composite Index, Hang Seng Stock Connect Hong Kong Index Series, Hang Seng High Dividend Yield Index, Hang Seng Mainland Properties Index, Hang Seng High Beta Index, MSCI China Index and Lippo Select HK & Mainland Property Index.

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Business Structure

Agile will continue to adopt the strategy of “1+N” diversified development for driving the stable development of each of its business segments.

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Property Development

A land bank with a total planned GFA of 34.10 million sq.m. in 53 cities and districts

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Hotel Operations and Property Investment

Properties including hotels, shopping malls and office buildings

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A-Living

Total aggregate GFA under management being 78.34 million sq.m.

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Environmental Protection

Three major environmental protection businesses including solid waste treatment, environmental restoration and water affairs are developing in different regions

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Construction

Four business segments including design consulting, engineering procurement construction and materials trading, landscape construction and home decoration

Financial Highlights

Income Statement Highlights

	For the year ended 31 December		
	2017	2016	Change
Revenue (RMB million)	51,607	46,679	+10.6%
Gross profit (RMB million)	20,687	12,366	+67.3%
Gross profit margin	40.1%	26.5%	+13.6 percentage points
Net Profit (RMB million)	6,780	3,050	+122.3%
Net profit margin	13.1%	6.5%	+6.6 percentage points
Profit attributable to shareholders of the Company (RMB million)	6,025	2,284	+163.8%
Basic earnings per share (RMB)	1.552	0.588	+163.9%
Distributed interim dividend per ordinary share (HK cents)	22.0	–	N/A
Proposed final dividend per ordinary share (HK cents)	68.0	20.0	+240%
Full year dividend per ordinary share (HK cents)	90.0	20.0	+350%
Proposed special dividend per ordinary share (HK cents)	–	25.0	N/A

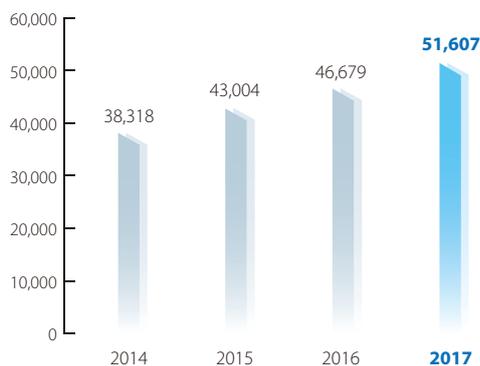
Balance Sheet Highlights

	As at 31 December		
	2017	2016	Change
Total assets (RMB million)	163,358	131,725	+24.0%
Cash and cash equivalents (RMB million)	19,042	12,432	+53.2%
Restricted cash (RMB million)	11,078	9,879	+12.1%
Short-term borrowings (RMB million)	27,146	12,815	+111.8%
Long-term borrowings (RMB million)	34,529	31,181	+10.7%
Shareholders' equity (RMB million)	36,335	35,310	+2.9%
Return on equity (ROE)	16.6%	6.5%	+10.1 percentage points
Total debt/total assets	37.8%	33.4%	+4.4 percentage points
Net debt/total equity	71.4%	49.1%	+22.3 percentage points

Financial Highlights (Continued)

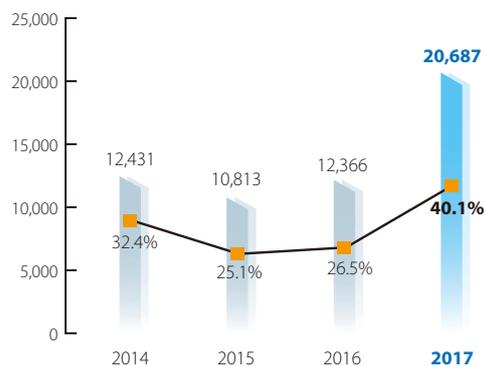
Revenue

(RMB million)



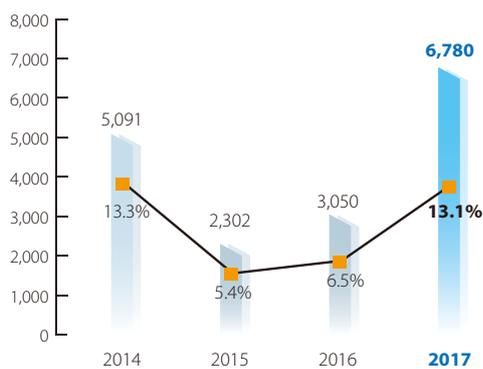
Gross profit and gross profit margin

(RMB million/%)



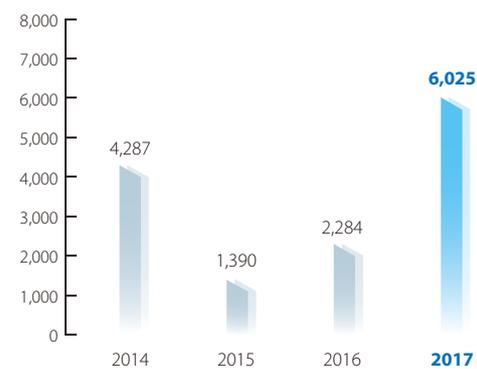
Net profit and net profit margin

(RMB million/%)



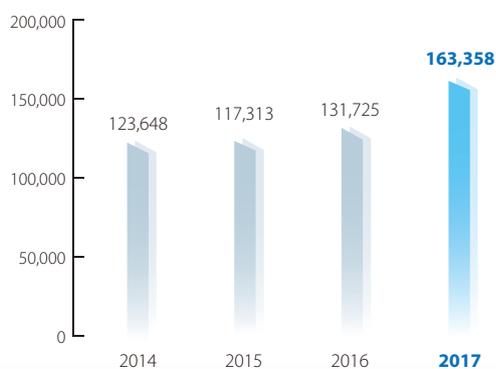
Profit attributable to shareholders of the Company

(RMB million)



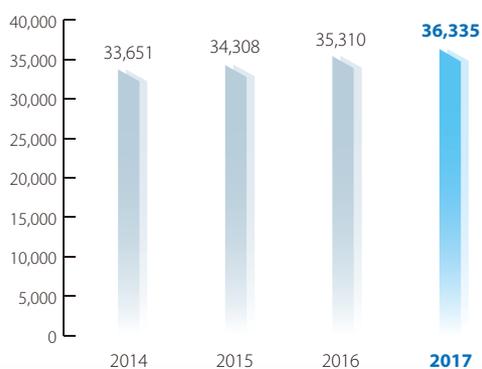
Total assets

(RMB million)



Shareholders' equity

(RMB million)



Milestones 2017

May

- The Company launched a new logo and corporate identity – a common logo that will be used across the whole business and the new brand image will fully reflect the Company's motto of "Putting People First" and its commitment to its future development.



June

- The Group entered into a strategic cooperation framework agreement with Greenland Group to launch an international standards services platform. A-Living Group acquired 100% equity stake of Greenland Property Services from Greenland Group.

July

- The Group repurchased 30% equity stake of Hainan Clearwater Bay, and which has become an indirect wholly-owned subsidiary of the Company.



August

- A-Living Group successfully brought in Greenland Group as a long-term strategic shareholder with a 20% equity stake (15% equity stake post initial public offering in February 2018) through the capital injection.



November

- The Group held a press conference on the launch of environmental protection brand, introducing the strategy and future development plan of the businesses of solid waste, environmental restoration and water affairs.

December

- The Group entered into a cooperation agreement with the People's Government of Gongyi to develop the Group's first featured town project which combines tourism, leisure and cultural creation, setting a milestone for the Group's property development business.



Major Honours and Awards

Corporate social responsibility

Caring Company

The Hong Kong Council of Social Service

The Outstanding Corporate Social Responsibility Award

The Mirror magazine

Corporate Social Responsibility Award 2017

Capital magazine

China Corporate Social Responsibility Annual Meeting:

The Best Charity Performance of the Year 2017

Southern Weekly magazine

2017 Corporate Social Responsibility Awards Ceremony:

Outstanding Enterprises

Southern Publishing and Media Company Limited

New Weekly magazine

Lingnan (University) College

Investor relations

HKIRA 3rd Investor Relations Awards 2017 –

Certificate of Excellence

Hong Kong Investor Relations Association

Corporate governance

The Listed Enterprise Excellence Awards 2017 –

Corporate Governance Awards

Capital Weekly magazine



Major Honours and Awards (Continued)

Corporate brand

2017 Ranking of China's 100 Best Real Estate Enterprises

2017 Top 30 Listed China's Real Estate Enterprises

Guandian Real Estate New Media

China Property Brand of Performance Excellence 2016

Metro Daily

Metro Prosperity magazine

The Sixteenth (2017) Guangdong Real Estate Enterprises of High Credit Ratings Top 20

Industrial and Commercial Bank of China Limited

(Guangdong Branch)

Agricultural Bank of China Limited (Guangdong Branch)

Bank of China Limited (Guangdong Branch)

China Construction Bank Corporation (Guangdong Branch)

China Real Estate Enterprises of High Credit

Outstanding China Real Estate Enterprise 2016

Quamnet

Hong Kong Outstanding Enterprises 2017 – Main Board Category

Economic Digest magazine

China Property Award of Supreme Excellence 2017

Organising Committee of China Property Award of Supreme Excellence

2017 China Top 10 Real Estate Brand Enterprises

Organising Committee of Oscar Time Weekly

China Urban and Rural Construction and Development Center Time Weekly magazine

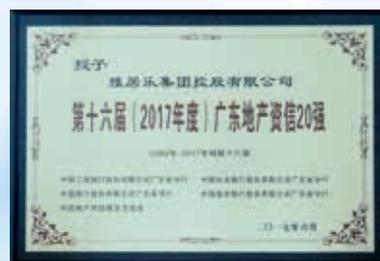
Excellent China Property Developer Service Award 2017

Metro Daily

Metro Prosperity magazine

2017 Property Brand Enterprises

Leju



Chairman's Statement

The Group will continue to uphold the philosophy of prudent development, adopt the "1+N" business model, drive the development of all its business segments and enhance their competitive strength. While maintaining the leading position of its property development business in China, the Group will make active efforts to expand its new business segments, with a view to increasing its profit as a whole.





CHEN Zhuo Lin
Chairman and President

Dear shareholders,

I am pleased to report the audited consolidated results of Agile Group Holdings Limited ("Agile" or the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 December 2017 as follows:

Results and dividends

During the year, the revenue and gross profit of the Group were RMB51,607 million and RMB20,687 million respectively, representing an increase of 10.6% and 67.3% when compared with last year. Net profit amounted to RMB6,780 million, representing an increase of 122.3% when compared with last year. Profit attributable to shareholders amounted to RMB6,025 million, representing an increase of 163.8% over last year. Overall gross profit margin and net profit margin were 40.1% and 13.1% respectively, representing an increase of 13.6 percentage points and 6.6 percentage points when compared with last year.

During the year, the Group's revenue from recognised sales of property development was RMB49,262 million, representing an increase of 10.1% when compared with last year. Revenue from property management and hotel operations also increased by 20.7% and 2.1% respectively when compared with last year.

Taking into account the Group's business development needs and shareholders' investment returns, the board of directors of the Company (the "Board") has proposed the declaration and payment of a final dividend of HKD68.0 cents per ordinary share for the year ended 31 December 2017. Together with the interim dividend of HKD22.0 cents per ordinary share paid in 2017, the total dividend of 2017 will be HKD90.0 cents per ordinary share, representing an increase of 350% when compared with last year.

Business review

During the year, the Group further implemented the business model of "focusing on property development, supported by a diversified range of businesses" ("1+N") and adjusted its development strategy of "Three-year Plan" in response to market changes timely, obtaining outstanding results in a number of areas.

Chairman's Statement (Continued)

In respect of property development, the property market of China showed steady growth as local governments continued to adopt "City-specific Policies" to regulate the market. During the year, the Group continued to enhance its product competitiveness while capitalising on market opportunities. By adopting flexible marketing strategies and launching projects in a timely manner at reasonable prices, the Group achieved record-high pre-sales for another year. The pre-sales of the Group (including joint ventures and associates) was RMB89,710 million, representing an increase of 52.4% when compared with last year. The GFA pre-sold was 7.36 million sq.m., representing an increase of 26.6% when compared with last year. The average selling price was RMB12,193 per sq.m., representing an increase of 20.4% when compared with last year. In addition, the Group continued to maintain its leading position in a number of areas, while its pre-sales performance hit a record high. During the year, the Group recorded pre-sales of about RMB35,000 million, RMB20,000 million and RMB18,000 million respectively in "Southern China Region", "Hainan and Yunnan Region" and "Eastern China Region" respectively. Of these, Hainan Clearwater Bay topped the list of best-selling real estate projects in China in 2017, with its pre-sales close to RMB17,000 million.

Seeking opportunities actively to increase land bank through various channels

In line with its future plan, the Group strategically acquired new land parcels in regions like "Southern China Region", "Hainan and Yunnan Region" and "Eastern China Region" etc. by way of tender, auction, listing-for-sale and equity acquisition. The newly acquired land parcels, located in Zhongshan, Foshan, Jiangmen, Shanwei and Zhanjiang of "Southern China Region", Lingshui, Haikou, Lingao and Qionghai of "Hainan and Yunnan Region", Zhenjiang, Yangzhou, Jurong, Changzhou, Changshu, Nantong and Xiamen of "Eastern China Region", and Chongqing, Xi'an, Kaifeng, Jinan and Hong Kong of other regions amounted to a total planned GFA of 9.64 million sq.m., in which the Group's total attributable planned GFA was 7.46 million sq.m.. The consideration payable by the Group was RMB34,600 million. Among which, Jiangmen, Shanwei, Zhanjiang, Haikou, Lingao, Qionghai, Jurong, Changshu, Xiamen, Kaifeng and Jinan were the Group's newly explored markets. In addition, the Group successfully repurchased the remaining 30% interest in Hainan Clearwater Bay project during the year.

As at 31 December 2017, the Group had a land bank with a total planned GFA of 34.10 million sq.m. in 53 cities and districts. In the "Guangdong-Hong Kong-Macao Bay Area", which is strongly promoted by the Central Government, the Group had a land bank with a total planned GFA of 11.10 million sq.m. in Zhongshan, Guangzhou, Foshan, Zhuhai, Huizhou, Jiangmen and Hong Kong. This land bank accounts for 32.5% of the overall land bank, indicating tremendous potential for future development.

In addition, the Group entered into a cooperation agreement with the People's Government of Gongyi to develop the Group's first featured town project which combined tourism, leisure and cultural creation, setting a milestone for the Group's property development business.

Driving "1+N" diversified development and excelling in all segments

During the year, the Group further implemented "1+N" diversified development. In addition to reinforcing its property development business, the Group made active efforts to drive other businesses, laying a solid foundation for its long-term development.

In respect of property management, given the delivery of more properties and the continued business expansion, the Group's revenue from property management increased by 20.7% to RMB1,290 million. As at 31 December 2017, A-Living Services Co., Ltd. ("A-Living") provided property management service in 69 cities in China, managing a GFA of 78.34 million sq.m. and serving more than 1 million owners and residents. During the year, A-Living acquired a wholly-owned subsidiary of Greenland Holdings Group Company Limited ("Greenland Group") and successfully brought in Greenland Group as a strategic shareholder. According to the agreement between both parties, over a period of 5 years, Greenland Group will provide A-Living with at least 10 million sq.m. of GFA for property management each year. Meanwhile, both parties will commence dual-branded strategic cooperation, with an aim to establish a leading comprehensive modern resident service management platform of international standards in China, so as to provide customers with quality one-stop management service. Moreover, the Group successfully completed the spin-off and separate listing of A-Living on Hong Kong Stock Exchange in February 2018. Following the spin-off and listing, A-Living remains a subsidiary of the Company.

In respect of other businesses, during the year, the Group's revenue from hotel operations and property investment businesses was RMB684 million and RMB167 million respectively, generating steady revenue for the Group.

In respect of the environmental protection business, the Group has focused on the businesses of solid waste treatment and water affairs, and has successfully acquired equity interests in 14 environmental protection companies during the year. As at 31 December 2017, the Group had 23 environmental protection projects located in regions including Beijing-Tianjin-Hebei, Shandong, Eastern China, Southern China, Central and Western China and Hainan, with the planned annual processing capacity of hazardous waste disposal and waste water treatment amounting to 1.55 million tonnes and 194,000 tonnes respectively. In which, the planned annual processing capacity of hazardous waste disposal was ranked the top 3 in the industry in China.

In respect of construction business, the Group has focused on design consulting, general construction contracting and materials trading, landscape construction and home decoration, with an aim to become a service operator covering all processes of real estate development.

Sound financial strategy and diversified financing channels

Sound financial position has been a vital pillar supporting the Group's business development. Therefore, the Group made efforts to accelerate its sales turnover, strengthen capital and budget management, and optimise cost and expenditure control during the year. The Group also optimised its debt structure through a number of onshore and offshore financing channels. These included the issue of RMB3,000 million 6.98% non-public domestic corporate bonds due 2020 on the onshore front, the issue of USD200 million 5.125% senior notes due 2022 on the offshore front, as well as obtaining a number of term loans from banks. In addition, the Company redeemed in full its RMB2,000 million 6.50% senior notes due February 2017 and USD700 million 9.875% senior notes due March 2017 during the year. In September 2017, the Company redeemed USD500 million 8.375% senior notes due February 2019 before maturity. The Group also made efforts to control financing costs, and further reduced its effective borrowing rate to 6.2%. As at 31 December 2017, the net debt to total equity ratio of the Group was 71.4%.

During the year, Moody's Investors Service, Inc. and S&P Global Ratings have affirmed the long-term corporate credit ratings of "Ba3" and "BB-" respectively to the Group, and unanimously raised the outlook rating to "Positive". Moreover, the Company was included in the China Index of MSCI Global Standard Indices in December 2017 while China Chengxin Credit Ratings and United Ratings, which are China-based credit rating agencies, have assigned an "AAA" onshore credit rating to the Company.

During the year, the Group's overall cash collection hit a record high while its cash flows remained robust. As at 31 December 2017, the Group's total cash and bank deposits amounted to RMB30,120 million, and its undrawn borrowing facilities stood at RMB8,605 million.

Good corporate governance, multi-channel communications and improved transparency

The Group upholds the concept of "mutual communication for a win-win situation". Subject to the requirements of the Listing Rules and laws, the Group maintains effective mutual communication and builds long-standing, stable relationships with commercial banks, investment banks, rating agencies, investors and analysts, thereby improving its corporate transparency.

A responsible corporate citizen in pursuit of sustainable development

The Group firmly believes that environmental protection is a key part in its sustainable development, and strives to contribute to environmental protection from project planning to completion and sale, as well as property management and hotel operations. Furthermore, the Group actively promotes environmental education and encourages the staff to practise low carbon living.

Prospects and strategy

Looking ahead, the overall economy of China will maintain steady development in 2018. In addition, China is committed to promoting the development of urbanisation and positioning the "Guangdong-Hong Kong-Macao Bay Area" as a world-class bay area, presenting enormous opportunities for the business development of the Group. The Group will continue to uphold the philosophy of prudent development, adopt the "1+N" business model, drive the development of all its business segments and enhance their competitive strength. While maintaining the leading position of its property development business in China, the Group will make active efforts to expand its new business segments, with a view to increasing its profit as a whole.

Chairman's Statement (Continued)

In respect of property development, the Group will continue to offer new products and launch 41 new projects that mainly target end-users including first time home buyers and upgraders. With the "Three-year Plan" made, the Group will ensure year-on-year steady growth in property sales with unwavering effort while continuously enhancing product quality and service quality. Meanwhile, the Group will adopt flexible sales strategies to further improve its sell-through rate on an ongoing basis while maintaining reasonable profitability, so as to accelerate its asset turnover and enhance its cash flows. For the land bank, the Group will adopt an active yet prudent land acquisition strategy, with priority given to opportunities in cities located in regions where saw long-term strong sales performance and competitive edge, as well as in first- and second-tier cities with substantial growth potential. The Group will also seek to develop creative featured town projects so as to further expand its market share. The Group will continue to expand its land bank by way of tender, auction, listing-for-sale and equity acquisition, with a view to laying a solid foundation for long-term steady sales growth.

In respect of property management, A-Living will continue to roll out the cooperation model of dual-branded strategic partnership made up of "Agile Property Management" and "Greenland Property Services". As a complement, it will continue to take over third-party property management projects to further expand its business scale and market share. In addition, A-Living will develop and offer more featured value-added services, and continue to allocate resources on the development of its one-stop service platform, with an aim to create multiple income streams through expanding the coverage and market share of its value-added services for both owners and non-owners.

In respect of environmental protection, the Group will strive to optimise the technologies and management of existing projects, continuously improve the project management capabilities, and actively explore potential environmental protection projects.

In respect of construction, the Group will be committed to establishing strategic presence in construction, building materials, construction management and construction investment, with a focus on the development of prefabricated building materials and construction business etc..

The Group has set target for the coming "Three-year Plan". Through constant innovation and transformation, the Group aims to enhance its operating capacity and comprehensive profitability, laying a solid foundation for its future development. Meanwhile, the Group will continue to optimise its incentive mechanism and enhance the implementation of the co-investment scheme to share the profit from projects with employees, with a view to fulfilling the vision of building a "Century-long enterprise".

The Group is confident that, with the above measures and the efforts of all staff members, it will be able to drive its overall business growth steadily, further increase the brand awareness of Agile across the nation and maintain its position in the competitive market. Meanwhile, the Group will continue to uphold its promise in corporate social responsibilities by making contribution to society through participating in charitable activities.

Acknowledgement

On behalf of the Board, I would like to extend my heartfelt gratitude to the enormous support from our shareholders and customers, as well as the dedicated efforts of all our staff members, which enable Agile to grow and to achieve good results.

CHEN Zhuo Lin

Chairman and President

Hong Kong, 21 March 2018

Management Discussion and Analysis

Overall performance

During the year, the Group's revenue was RMB51,607 million (2016: RMB46,679 million), representing an increase of 10.6% over 2016. The operating profit was RMB16,598 million (2016: RMB8,601 million), representing an increase of 93.0% over last year. Profit attributable to shareholders was RMB6,025 million (2016: RMB2,284 million), representing an increase of 163.8% over last year. Basic earnings per share was RMB1.552 (2016: RMB0.588).

Land bank

In line with the Group's "Three-year Plan", the Group continued to adopt its strategic land replenishment plan in accordance with the market conditions during the year. As at 31 December 2017, the Group had a land bank with a total planned GFA of 34.10 million sq.m. in 53 cities and districts located in Southern China Region, Eastern China Region, Western China Region, Central China Region, Hainan and Yunnan Region, Northeast China Region, Northern China Region, Hong Kong and Overseas. The average land cost was RMB2,400 per sq.m., which was competitive.

During the year, the Group strategically acquired new land parcels in regions like "Southern China Region", "Hainan and Yunnan Region" and "Eastern China Region" etc, by way of tender, auction, listing-for-sale and equity acquisition. The newly acquired land parcels, located in Zhongshan, Foshan, Jiangmen, Shanwei and Zhanjiang of "Southern China Region", Lingshui, Haikou, Lingao and Qionghai of "Hainan and Yunnan Region", Zhenjiang, Yangzhou, Jurong, Changzhou, Changshu, Nantong and Xiamen of "Eastern China Region", and Chongqing, Xi'an, Kaifeng, Jinan and Hong Kong of other regions, amounted to a total planned GFA of 9.64 million sq.m., in which the Group's total attributable planned GFA was 7.46 million sq.m.. The consideration payable by the Group was RMB34,600 million. Among which, Jiangmen, Shanwei, Zhanjiang, Haikou, Lingao, Qionghai, Jurong, Changshu, Xiamen, Kaifeng and Jinan were the Group's newly explored markets.

The following table sets forth the details of the newly acquired land parcels:

Land Parcel Name	City/District	Attributable Interest (%)	Total Planned GFA (sq.m.)
Southern China Region			
Site in Sanjiao Town, Zhongshan	Zhongshan	50	823,803
Site in Huashengtang, Zhongshan	Zhongshan	50	122,596
Site in Bosheng, Zhongshan	Zhongshan	50	118,564
Site in Wenhua, Zhongshan	Zhongshan	50	71,986
Site in Shenzhong, Zhongshan	Zhongshan	50	451,795
Site in Hehua Hotel, Zhongshan	Zhongshan	50	129,072
Site in Shenwan Town, Zhongshan	Zhongshan	15	117,742
Site in Sanxiang Town, Zhongshan	Zhongshan	100	104,747
Site in Dongfeng Town, Zhongshan	Zhongshan	100	1,490,400
Site in Duruan Town, Jiangmen	Jiangmen	51	110,083
Site in Ronggui Street, Shunde	Foshan/Shunde	100	155,387
Site in Lecong Town, Shunde	Foshan/Shunde	50	310,332
Site in Pingqing Lake, Shanwei	Shanwei	100	416,914
Site in Sport Road North, Zhanjiang	Zhanjiang	100	60,027

Management Discussion and Analysis (Continued)

Land Parcel Name	City/District	Attributable Interest (%)	Total Planned GFA (sq.m.)
Eastern China Region			
Site in Hanjiang District, Yangzhou	Yangzhou	100	141,630
Site in Station South Road, Yangzhou	Yangzhou	100	237,027
Site in Xiaomi Hill Road, Zhenjiang	Zhenjiang	100	128,860
Site in Wenchang Road East, Jurong	Jurong	100	73,516
Site in Agile Honour & Glory Changzhou	Changzhou	100	286,608
Site in Agile Dream Lake Fairy Hill Changzhou	Changzhou	100	359,733
Site in Dingxiang Road, Changzhou	Changzhou	51	236,499
Site in Lingjiatang, Changzhou	Changzhou	49	217,236
Site in Tongzhou District, Nantong	Nantong	33.4	134,272
Site in Haimen City, Nantong	Nantong	100	296,640
Site in Baoci Road North, Changshu	Changshu	100	59,046
Site A in Xiang'an District, Xiamen	Xiamen	100	29,296
Site B in Xiang'an District, Xiamen	Xiamen	100	19,112
Western China Region			
Site in Fengdong New Town, Xi'an	Xi'an	51	168,748
Site in Liangjiang New District, Chongqing	Chongqing	100	362,486
Site in Banan District, Chongqing	Chongqing	33.3	366,953
Site in Lijia Town, Chongqing	Chongqing	100	187,009
Central China Region			
Site in Longting District, Kaifeng	Kaifeng	20.4	660,019
Hainan and Yunnan Region			
Site in Hainan Clearwater Bay	Lingshui	100	53,418
Site in Golden Bay, Haikou	Haikou	60	704,451
Site in Shanqin Bay, Qionghai	Qionghai	51	183,779
Site in Nanbao Town, Lingao	Lingao	100	44,482
Northern China Region			
Site in Huayi, Jinan	Jinan	50	58,743
Site in Lixia District, Jinan	Jinan	50	148,719
Hong Kong			
Site in King's Road, Hong Kong	Hong Kong	100	1,887

Property development and sales

During the year, revenue from recognised sales of property development of the Group was RMB49,262 million, representing an increase of 10.1% when compared with RMB44,752 million in 2016. The increase was mainly attributable to higher recognised average selling price. The total recognised GFA sold was 4.73 million sq.m., representing a decrease of 7.0% when compared with 2016. The recognised average selling price increased by 18.4% to RMB10,424 per sq.m. in 2017 from RMB8,808 per sq.m. in 2016.

Property management

During the year, revenue from property management of the Group was RMB1,290 million, representing an increase of 20.7% when compared with RMB1,069 million in 2016. Operating profit from property management was RMB398 million, representing an increase of 31.1% which compared with RMB304 million in 2016. The growth was mainly attributable to an increase in the total contracted GFA under management to 78.34 million sq.m. (2016: 57.56 million sq.m.).

Hotel operations

During the year, revenue from hotel operations of the Group was RMB684 million, representing an increase of 2.1% when compared with RMB670 million in 2016. It was primarily attributable to the revenue generated from Shanghai Marriott Hotel City Centre, Raffles Hainan, Sheraton Bailuhu Resort Huizhou Hotel and Howard Johnson Agile Plaza Chengdu.

Property investment

During the year, revenue from property investment of the Group was RMB167 million, representing a decrease of 11.7% when compared with RMB189 million in 2016. The decrease was due to the fact that certain properties were under renovation and were transferred to property, plant and equipment.

Cost of sales

Cost of sales of the Group mainly refers to the costs incurred directly from its property development activities, including cost of construction, fitting-out and design, land use rights, interest capitalised and tax surcharge.

During the year, cost of sales of the Group was RMB30,920 million, representing a decrease of 9.9% when compared with RMB34,313 million in 2016. The decrease was mainly attributable to the decrease in the total recognised GFA sold of 7% to 4.73 million sq.m. when compared with 2016, which in turn led to the decrease in the cost of property sales.

Gross profit

During the year, gross profit of the Group was RMB20,687 million, representing an increase of 67.3% when compared with RMB12,366 million in 2016. During the year, gross profit margin of the Group was 40.1%, representing an increase of 13.6 percentage points when compared with 26.5% in 2016. The increase in gross profit margin was mainly attributable to higher recognised average selling price of property sold and the increased weightings of projects with higher profitability.

Other gains/ (losses), net

During the year, other gains, net of the Group was RMB40 million. In 2016, the Group recorded other losses, net of RMB292 million. The other gains/(losses), net mentioned above included the fair value gains on financial assets and the net exchange loss incurred by translation of foreign currency denominated financial assets and liabilities (except borrowings) into RMB at the prevailing period-end exchange rate.

Other income

During the year, other income of the Group was RMB570 million, representing an increase of 104.7% when compared with RMB279 million in 2016. The increase was mainly attributable to the increased interest income from bank deposit and related parties.

Management Discussion and Analysis (Continued)

Selling and marketing costs

During the year, selling and marketing costs of the Group was RMB2,259 million, representing an increase of 7.7% when compared with RMB2,098 million in 2016. The increase was mainly attributable to the increase in sales commission in line with the increase of property sales of the Group.

Administrative expenses

During the year, administrative expenses of the Group amounted to RMB2,044 million, representing an increase of 40.2% when compared with RMB1,458 million in 2016. The growth was mainly due to the increase of employees resulting from business expansion of the Group.

Other expenses

During the year, other expenses of the Group was RMB397 million, representing an increase of 102.5% when compared with RMB196 million in 2016. The increase was mainly attributable to the cost incurred by the early redemption of certain senior notes and ABS of RMB151 million and the charitable donations of the RMB169 million.

Finance costs, net

The Group's finance costs mainly consists of interest expenses on bank borrowings, syndicated loans, other borrowings, senior notes, PRC corporate bonds and ABS less capitalised interests, gains recorded or losses incurred by foreign currency denominated borrowings and changes in fair value of derivative financial instruments. Interest on borrowings relating to project development is capitalised to the extent it is directly attributable to a particular project and used to finance the development of that project.

During the year, finance costs, net of the Group was RMB899 million, representing a decrease of 20.1% when compared with RMB1,125 million in 2016. The decrease was mainly attributable to the non-capitalised interest expenses of RMB1,263 million offset by the exchange gain from borrowings of RMB1,186 million and the change in fair value of derivative financial instruments of RMB822 million.

Share of post-tax gains/ (losses) of associates

During the year, the share of post-tax gains of associates was RMB86 million. In 2016, the share of post-tax losses of associates was RMB3 million.

Share of post-tax gains of joint ventures

During the year, share of post-tax gains of joint ventures of the Group was RMB83 million, representing an increase of RMB73 million when compared with share of post-tax gains of RMB10 million in 2016.

Profit attributable to shareholders

During the year, profit attributable to shareholders of the Group was RMB6,025 million, representing an increase of 163.8% when compared with RMB2,284 million in 2016.

Liquidity, financial and capital resources

Cash position and fund available

As at 31 December 2017, the total cash and bank balances of the Group were RMB30,120 million (31 December 2016: RMB22,311 million), of which RMB19,042 million (31 December 2016: RMB12,432 million) was cash and cash equivalents and RMB11,078 million (31 December 2016: RMB9,879 million) was restricted cash.

Some of the Group's project companies are required to place a certain amount of pre-sale proceeds in designated bank accounts as guarantee deposits for construction of the relevant properties.

As at 31 December 2017, the Group's undrawn borrowing facilities were RMB8,605 million (31 December 2016: RMB2,400 million).

Borrowings

As at 31 December 2017, the Group's total borrowings amounted to RMB61,675 million, of which bank borrowings and other borrowings, senior notes, PRC corporate bonds and ABS amounted to RMB44,353 million, RMB4,515 million and RMB12,807 million respectively.

Repayment Schedule	As at 31 December 2017 (RMB million)	As at 31 December 2016 (RMB million)
Bank borrowings and other borrowings		
Within 1 year	22,956	5,778
Over 1 year and within 2 years	6,962	6,545
Over 2 years and within 5 years	8,835	3,768
Over 5 years	5,600	4,695
Subtotal	44,353	20,786
Senior notes		
Within 1 year	–	6,832
Over 2 years and within 5 years	4,515	6,843
Subtotal	4,515	13,675
PRC corporate bonds and ABS		
Within 1 year	4,190	205
Over 1 year and within 2 years	6,369	4,321
Over 2 years and within 5 years	2,248	5,009
Subtotal	12,807	9,535
Total	61,675	43,996

As at 31 December 2017, the Group's bank borrowings (including syndicated loans) of RMB23,926 million (31 December 2016: RMB9,335 million) and other borrowings of RMB7,057 million (31 December 2016: RMB2,365 million) were secured by its cash, land use rights, self-used properties, properties held for sale, properties under development, investment properties, the shares of subsidiaries and equity interest. The senior notes were guaranteed by certain subsidiaries of the Group and were secured by the pledges of their shares. The net assets of these subsidiaries were RMB1,867 million as at 31 December 2017 (31 December 2016: RMB2,708 million).

The gearing ratio is the ratio of net borrowings (total borrowings less total cash and cash equivalents and restricted cash) to total equity. As at 31 December 2017, the gearing ratio was 71.4% (31 December 2016: 49.1%).

Currency risk

The Group conducts its business primarily in Renminbi. Certain bank deposits and bank borrowings were denominated in Hong Kong dollars, United States dollars and Malaysian Ringgit, and the Group's senior notes were denominated in United States dollars. Since early 2016, the Group has adopted a hedging policy and entered into capped forward contracts to mitigate certain of its foreign currency exposure in United States dollars and Hong Kong dollars denominated indebtedness and achieve better management over foreign exchange risk. The objective of the arrangement is to minimise the volatility of the RMB cost of highly probable forecast repayments of debts. Other than those disclosed, the Group does not have any material exposures to foreign exchange fluctuations.

Management Discussion and Analysis (Continued)

As at 31 December 2017, the Group had capped forward contracts of USD1,535 million and HKD3,700 million respectively. As at 31 December 2017, the Group recorded RMB822 million fair value loss (2016: RMB562 million fair value gain) in derivative financial instruments.

Cost of borrowings

In 2017, the total cost of borrowings of the Group was RMB3,313 million, representing an increase of RMB38 million when compared with RMB3,275 million in 2016. The increase was mainly attributable to higher average balance of banking borrowings in 2017. Taking into consideration of exchange differences arising from foreign currencies borrowings, the Group's effective borrowing rate for the year was 6.2% (2016: 7.6%).

Financial guarantee

The Group is in cooperation with certain financial institutions for the provision of mortgage loan facility for its purchasers of property and has provided guarantees to secure repayment obligations by such purchasers. As at 31 December 2017, the outstanding guarantees were RMB38,571 million (31 December 2016: RMB33,294 million). Such guarantees shall terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within one year after taking over of the possession of the relevant property by the purchasers; or (ii) the satisfaction of relevant mortgage loans by the purchasers.

The Group's proportionate interest in financial guarantee of mortgage facilities for certain purchasers relating to the associate and joint ventures as at 31 December 2017 was RMB964 million (2016: RMB359 million) and RMB456 million (2016: RMB524 million) respectively.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with any accrued interests and penalties owed by the defaulted purchasers to the banks, and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee starts from the dates the mortgagees grant the mortgage loans. No provision has been made for the guarantees as the management is of the view that the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interests and penalties in case of default in payments.

The company and the other four PRC real estate developers have provided certain guarantees in respect of loan facilities of Li He amounting to RMB2,480 million (2016: RMB5,080 million), and the Group's share of the guarantee amounted to RMB496 million (2016: RMB1,016 million).

Several subsidiaries of the Group and joint venture parties have provided certain guarantees in proportion to their shareholdings in certain joint ventures in respect of loan facilities amounting to RMB5,473 million (2016: RMB4,810 million). The Group's share of the guarantees amounted to RMB1,566 million (2016: RMB1,280 million).

Commitments

As at 31 December 2017, the commitments of the Group in connection with the property development activities were RMB23,773 million (31 December 2016: RMB21,013 million). The Group has also committed to pay outstanding land premium resulting from land acquisitions in the amount of RMB6,430 million (31 December 2016: RMB762 million).

Significant investments held, material acquisitions and disposals of subsidiaries, associates and joint ventures, and future plans for material investments or capital assets

1. On 29 March 2017, Zhongshan Yajing Real Estate Development Co., Ltd. (中山市雅景房地產開發有限公司) ("Zhongshan Yajing") (an indirect wholly-owned subsidiary of the Company) entered into a cooperative framework agreement with Zhongshanshi Shiguang Chuangjian Group Company Limited (中山市世光創建集團有限公司) ("Shiguang Chuangjian"), Zheng Zihong (鄭子宏) ("Mr. Zheng") and Wu Zhangjin (吳章錦) ("Mr. Wu"), independent third parties, pursuant to which Zhongshan Yajing has agreed to jointly develop 8 projects situated in different locations in Zhongshan area with a total land area of 660,859 square metres for a total amount of approximately RMB2,770 million ("Total Amount").

Pursuant to the cooperative framework agreement, Zhongshan Yajing will carry out equity cooperation with Shiguang Chuangjian, Mr. Zheng and Mr. Wu by way of provision of the Total Amount to the project companies to develop the 8 projects situated in different locations in Zhongshan area and thereby to own 50% equity interests in each of them.

- As per announcement of the Company dated 26 June 2017, Crown Golden Investments Limited (冠金投資有限公司)(now known as Hainan Clearwater Bay Holdings Limited (海南清水灣控股有限公司) (“Hainan Clearwater Bay”)), an indirect non-wholly owned subsidiary of the Company, entered into the sale and purchase agreement with Crystal I Limited on 9 May 2017. Pursuant to which Hainan Clearwater Bay agreed to pay USD900 million to Crystal I Limited and repurchase its 30% interest in Hainan Clearwater Bay.

The repurchase has been completed, the Forever Fame Property Development Holdings Limited (譽永房地產發展控股有限公司) (“Forever Fame”), an indirect wholly-owned subsidiary of the Company, has become the sole shareholder of Hainan Clearwater Bay, and which Hainan Clearwater Bay has become an indirect wholly-owned subsidiary of the Company.

Save as disclosed in this announcement, there were no other significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year, nor was there any plan authorised by the Board for other material investments or additions of capital assets at the date of this announcement.

Employees and remuneration policy

As at 31 December 2017, the Group had a total of 17,602 employees, among which 184 were senior management and 1,033 were middle management. By geographical locations, there were 17,523 employees in mainland China and 79 employees in Hong Kong, Macau and Malaysia. For the year ended 31 December 2017, the total remuneration costs, including directors’ remuneration, were RMB2,233 million (2016: RMB1,835 million).

The Group remunerates its employees in reference to the market levels, individual performance and contributions. Bonuses are also distributed based on the performance of employees. The Group also provides a comprehensive benefit package and career development opportunities, including retirement schemes, medical benefits, and both internal and external training appropriate to the employees’ needs.

Outlook

Looking ahead, leveraging its solid foundation, the Group will continue to adopt the “1+N” business model, with an aim to maintain its leading position in the property market in China while driving the long-term development of the new business segments.

In respect of property development, the Group has made a “Three-year Plan”, under which the Group will offer new products and launch new projects in timely manner as well as improving the quality of products and services to accommodate the market demand. In the meantime, the Group will adopt flexible sales strategies to further improve its sell-through rate while maintaining reasonable profitability, so as to accelerate its asset turnover and enhance its cash flows. The Group will also adopt an active yet prudent land acquisition strategy, seizing every opportunity in cities with strong sales performance and competitive edge as well as in first- and second-tier cities with substantial growth potential.

In respect of property management, A-Living will continue to leverage the dual-branded strategic partnership made up of “Agile Property Management” and “Greenland Property Services” to develop and offer more featured value-added services. A-Living will also continue to allocate resources on the development of its one-stop service platform, with an aim to create multiple income streams through extending the coverage and market share of the value-added services.

The Group will also strive to expand its environmental protection business through optimising project technologies, improving project management capabilities and actively exploring potential projects.

In respect of construction, the Group will be committed to grabbing business opportunities in construction, building materials, construction management and construction investment industries, with a focus on the development of prefabricated building materials and construction business.

The Group believes, with the “1+N” business model and the “Three-year Plan”, Agile will be in good position to enhance its operating capacity and comprehensive profitability while further enhancing its brand awareness across the nation. And this will in turn lay a strong and solid foundation for the Group to further enhance its leading position in the competitive property market.



Property Development



In order to support the long-term stable growth of the property development business, the Group continues to enhance its competitiveness and maintain a strong brand recognition in the face of vigorous market competition, by improving the products' planning and design and offering excellent sales and aftersales services.





**Southern
China
Region**

**Eastern
China
Region**

**Western
China
Region**

**Central
China
Region**

**Hainan
and Yunnan
Region**

**Northeast
China
Region**

**Northern
China
Region**

Hong Kong

Overseas



Property Development



Business overview

During the year, the Group continued to focus on improving the quality of its products and optimising the design of its products in terms of geographical locations on the basis of standardisation. By offering excellent sales and aftersales services, the Group enhanced its segmental competitiveness and maintained strong brand recognition in the face of vigorous market competition. During the year, the Group also formulated a brand new project operation management plan covering business process optimisation and node control, so as to further improve operational efficiency and lay a solid foundation for the growth of the property development business in the long run.

Furthermore, in light of the strong end-users' and upgraders' demand due to urbanisation, during the year, the Group continued to develop products catering for such demand, supplemented by high-end products tailored to market needs. Meanwhile, as there has been strong demand for quality tourism property for such purposes including health keeping, retirement and holiday, some of the Group's projects will continue to develop products catering for such needs.

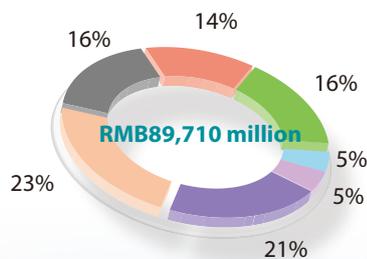
Strong sales and effective geographic diversification

During the year, local governments continued to adopt "City-specific Policies", with a view to curbing the demand for speculative trading, but many cities continued their surges in both overall transaction volume and price. The Group capitalised on market opportunities by launching projects in a timely manner at reasonable price with flexible marketing strategy. The Group (together with its joint ventures and associates) achieved RMB89,710 million of pre-sales, which set a record high. The GFA pre-sold was 7.36 million sq.m., with a corresponding average selling price of RMB12,193 per sq.m..

The geographic diversification strategy of the Group continued to achieve satisfactory progress. In addition to consolidating its leading position in "Southern China Region", the Group achieved good sales performance in "Eastern China Region" and other regions, making contributions to the pre-sales performance. Pre-sales of tourism property business in "Hainan and Yunnan Region" also increased steadily and maintained its leading market position. During the year, pre-sales from "Southern China Region", "Eastern China Region", "Hainan and Yunnan Region" and other regions accounted for 40%, 21%, 23% and 16% respectively.

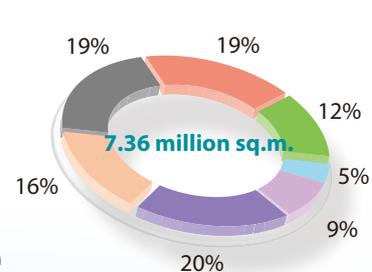
Pre-sales amount breakdown by regions

- Southern China Region (Zhongshan)
- Southern China Region (Guangzhou)
- Southern China Region (Foshan)
- Southern China Region (Eastern Guangdong and Guangxi)
- Eastern China Region
- Hainan and Yunnan Region
- Other Regions



GFA pre-sold breakdown by regions

- Southern China Region (Zhongshan)
- Southern China Region (Guangzhou)
- Southern China Region (Foshan)
- Southern China Region (Eastern Guangdong and Guangxi)
- Eastern China Region
- Hainan and Yunnan Region
- Other Regions





During the year, the Group duly launched 8 new projects and projects available for sale totaled 76. New projects were located in Southern China Region, Eastern China Region, Western China Region and Central China Region:

New projects for sale

Southern China Region:

1. Agile Haizhu Xiaoya Guangzhou
2. Shiguang Crescent Hill Center City Zhongshan
3. Agile Chairman Sanshui (formerly known as Sanshui Southwest Street Project)

Eastern China Region:

1. Agile Pleasure Mansion Changzhou
2. Agile Honour & Glory Changzhou
3. Agile Dream Lake Fairy Hill Changzhou

Western China Region:

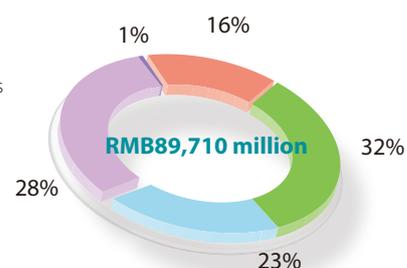
1. Agile City of Lohas Xi'an (formerly known as Xi'an Fengdong New Town Project)

Central China Region:

1. Agile Forest Lake Zhengzhou

Pre-sales amount breakdown by target customers

- Tier-1 cities* pre-sales
- Tier-2 cities** pre-sales
- Tourism properties*** (target Tier-1 & Tier-2 cities customers) pre-sales
- Other cities pre-sales
- Overseas pre-sales



* Tier-1 cities are Beijing, Guangzhou, Shanghai & Shenzhen

** Tier-2 cities are Tianjin, Shijiazhuang, Taiyuan, Huhehaote, Shenyang, Dalian, Changchun, Harbin, Nanjing, Hangzhou, Suzhou, Ningbo, Hefei, Wuxi, Fuzhou, Xiamen, Nanchang, Jinan, Qingdao, Zhengzhou, Wuhan, Changsha, Chongqing, Chengdu, Xi'an, Guiyang, Kunming, Lanzhou, Xining, Yinchuan, Urumqi, Haikou, Nanning, Foshan & Dongguan

*** Tourism properties include the Group's projects in Hainan Province, Tengchong, Xishuangbanna & Maoshan Tourism Resort, Jintan District, Changzhou

Property Development (Continued)



As the top 20 property developer in China in terms of pre-sales, Agile achieved remarkable sales in many markets with its high quality products, sound design and planning and considerate property management services. Sales performance of major projects during the year are summarised as follows:

In Zhongshan, the Group maintained its leading market position and was once again the sales champion of the year with remarkable pre-sales of over RMB13,000 million. With its prime location, Agile Coastal Pearl Zhongshan continued to be highly coveted during the year and ranked the best seller of the year in Zhongshan City with approximately RMB4,000 million pre-sales. Metro Agile Zhongshan launched various property phases, including “Mix City” and “Imperial Jade” during the year. The project received overwhelming market response and recorded pre-sales of over RMB3,000 million during the year. Agile Cambridgeshire Zhongshan adopted online property selection for the first time for its new component, and this innovative sales method was well received by the market. The new component was almost sold out rapidly shortly after it was launched. Agile Royal Mount Zhongshan was well received by the market and recorded pre-sales of over RMB2,000 million during the year.



In Guangzhou, the Group was once again one of the top 10 property developers in terms of pre-sales amount in the local market. Agile Mountain Guangzhou launched new high-end component during the year. Its high quality attracted customers’ attention with remarkable sales and ranked the top 10 sellers in the district in terms of pre-sales amount. Agile Haizhu Xiaoya Guangzhou was launched during the year. The project was well received by the market with its prime location and quality products. The last phase of Flowing Garden Conghua was launched during the year and the entire project was almost sold out.

In Foshan, the Group achieved steady pre-sales performance with over RMB3,000 million pre-sales. Agile British Manor Shunde was launched for sale for a few times and was well received by the market with approximately RMB1,500 million pre-sales. The last phase and car parking space of Agile Peninsula Sanshui were launched during the year and over a thousand units were sold. The entire project was basically sold out. In Eastern China Region, Agile Garden Huiyang and Agile Garden Heyuan were well received by the market. New components were launched during the year and were quickly sold out, generating stable pre-sales to the Group.

Meanwhile, the Group achieved steady growth of pre-sales in Eastern China Region with over RMB18,000 million pre-sales. Several new components of The Territory Nanjing were launched during the year and were highly sought after by customers with its precise product positioning. The project ranked one of the top 3 sellers in terms of pre-sales in Nanjing City with approximately RMB6,000 million pre-sales. With mature ancillary facilities and great development potentials of the district, several new components of Agile International Garden Hangzhou launched during the year were sold out rapidly and the project ranked

one of the top 5 sellers of the year in terms of area pre-sold in Hangzhou City. Agile Garden Nantong was launched for sale for a few times and was well received by the market. With over 2,000 units sold, the project recorded pre-sales of over RMB2,200 million during the year.

In Western China Region and Central China Region, Agile Garden Chengdu and Agile Life Diary Xi'an continued to be highly coveted during the year and recorded over RMB2,000 million pre-sales respectively. Agile Forest Lake Zhengzhou and Agile City of Lohas Xi'an were launched during the year and achieved satisfactory sales performance.

Furthermore, the Group's tourism property business in Hainan and Yunnan Region made a significant breakthrough. Hainan Clearwater Bay launched various components during the year. Its diversified products and mature ancillary facilities were well received by customers and have been sold out rapidly shortly after they were launched. The project achieved approximately RMB17,000 million pre-sales and was the best seller of the year 2017 in China. With quality products and abundant tourism resources, Agile Eden Yunnan and Agile Quenya Yunnan attracted thousands of potential buyers and achieved over RMB1,000 million pre-sales respectively.

Seeking opportunities actively and flexible development adjustment

The property market of China continued to recover with stable economic growth. In line with its future development, the Group strategically acquired new land parcels in regions like "Southern China Region", "Hainan and Yunnan Region" and "Eastern China Region" etc. by way of tender, auction, listing-for-sale and equity acquisition. The newly acquired land parcels, located in Zhongshan, Foshan, Jiangmen, Shanwei and Zhanjiang of "Southern China Region", Lingshui, Haikou, Lingao and Qionghai of "Hainan and Yunnan Region", Zhenjiang, Yangzhou, Jurong, Changzhou, Changshu, Nantong and Xiamen of "Eastern China Region", and Chongqing, Xi'an, Kaifeng, Jinan and Hong Kong of other regions amounted to a total planned GFA of 9.64 million sq.m., in which the Group's total attributable planned GFA was 7.46 million sq.m.. As at 31 December 2017, the Group had a premium land bank with an estimated GFA of 34.10 million sq.m. in 53 cities and districts, laying a solid cornerstone for its property development business.

The Group makes flexible adjustments to the scope and schedule of developments according to the project sales and supply in order to balance and optimise the progress. During the year, the newly commenced GFA was 6.25 million sq.m. and completed GFA was 3.07 million sq.m.. As at 31 December 2017, the Group's completed GFA in the land bank was 1.11 million sq.m. and the GFA under development was 12.85 million sq.m..



Property Development (Continued)

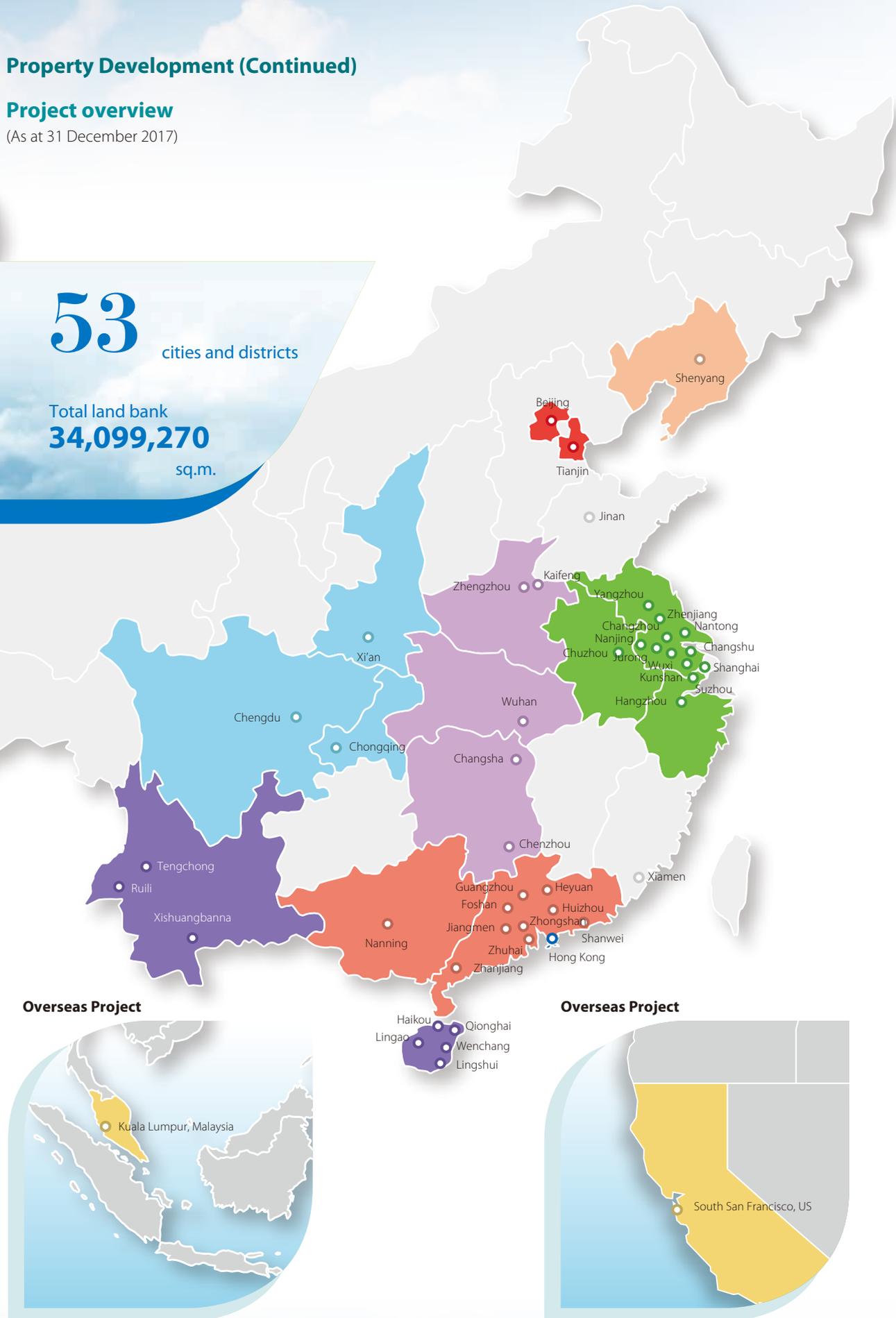
Project overview

(As at 31 December 2017)

53

cities and districts

Total land bank
34,099,270
sq.m.



Property Development (Continued)

Project overview

(As at 31 December 2017)

Southern China Region

Province/ City	City/ District	No. of Projects	Project Total GFA (sq. m.)	Land Bank (sq. m.)
Guangzhou	Panyu	2	5,508,255	862,930
	Luogang	1	613,624	62,275
	Huadu	2	454,234	119,809
	Conghua	1	434,023	234
	Haizhu	1	63,430	63,430
	Liwan	1	61,716	61,716
Zhongshan		28	15,186,376	5,624,111
Zhuhai		1	206,494	206,494
Jiangmen		1	110,083	110,083
Foshan	Nanhai	2	1,003,072	21,683
	Sanshui	2	596,749	116,666
	Shunde	5	1,393,366	315,509
Eastern Guangdong	Heyuan	1	2,729,481	660,734
	Huizhou	3	5,062,078	3,531,938
	Shanwei	1	416,914	416,914
Western Guangdong and Guangxi Zhuang Autonomous Region	Zhanjiang	1	60,027	60,027
	Nanning	1	432,860	187,773
Total		54	34,332,781	12,422,326

Eastern China Region

City	No. of Projects	Project Total GFA (sq. m.)	Land Bank (sq. m.)
Nanjing	3	1,482,235	653,360
Yangzhou	3	815,516	650,250
Chuzhou	1	677,266	477,334
Zhenjiang	2	355,060	281,446
Jurong	1	73,516	73,516
Shanghai	2	585,199	349,465
Changzhou	6	1,714,309	1,182,007
Wuxi	1	590,325	280,854
Nantong	3	940,912	614,217
Hangzhou	1	423,827	206,304
Suzhou	1	162,404	101,503
Changshu	1	59,046	59,046
Xiamen	1	48,408	48,408
Total	26	7,928,023	4,977,709

Western China Region

City	No. of Projects	Project Total GFA (sq. m.)	Land Bank (sq. m.)
Chengdu	1	1,606,752	395,255
Xi'an	3	1,078,910	802,752
Chongqing	4	1,264,620	701,657
Total	8	3,950,282	1,899,664

Central China Region

City	No. of Projects	Project Total GFA (sq. m.)	Land Bank (sq. m.)
Changsha	3	1,521,878	958,591
Zhengzhou	3	466,682	271,129
Kaifeng	1	660,019	134,644
Chenzhou	1	145,279	145,279
Wuhan	1	800,000	400,000
Total	9	3,593,858	1,909,643

Hainan and Yunnan Region

City	No. of Projects	Project Total GFA (sq. m.)	Land Bank (sq. m.)
Lingshui	1	8,402,563	5,064,690
Wenchang	2	710,135	350,448
Haikou	1	704,451	704,451
Qionghai	1	183,779	183,779
Lingao	1	44,482	44,482
Ruilu	1	731,852	593,866
Tengchong	1	4,004,836	3,798,081
Xishuangbanna	1	634,240	471,218
Total	9	15,416,337	11,211,014

Northeast China Region

City	No. of Projects	Project Total GFA (sq. m.)	Land Bank (sq. m.)
Shenyang	1	1,110,834	726,395
Total	1	1,110,834	726,395

Northern China Region

City	No. of Projects	Project Total GFA (sq. m.)	Land Bank (sq. m.)
Tianjin	1	3,010,901	441,937
Beijing	1	65,000	65,000
Jinan	2	207,462	103,731
Total	4	3,283,363	610,668

Hong Kong

City	No. of Projects	Project Total GFA (sq. m.)	Land Bank (sq. m.)
Hong Kong	1	1,887	1,887
Total	1	1,887	1,887

Overseas

City	No. of Projects	Project Total GFA (sq. m.)	Land Bank (sq. m.)
Kuala Lumpur	2	319,061	319,061
South San Francisco	1	209,032	20,903
Total	3	528,093	339,964

Grand Total	115	70,145,458	34,099,270
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Property Development (Continued)

Land bank table

(As at 31 December 2017)

No.	Project Name	City/District	Interests Attributable to the Group	Total Site Area (sq.m.)	Address
Southern China Region					
1	Agile Cambridgeshire Guangzhou	GZ/Panyu	100%	624,701	Caotang Village, Nancun Town, Panyu District, Guangzhou City
2	Guangzhou Asian Games City Project (Note 2)	GZ/Panyu	26.66%	2,640,000	Asian Games City, Panyu District, Guangzhou City
3	Agile Mountain Guangzhou	GZ/Luogang	100%	306,812	Science City, North of Kaichuang Road, Luogang District, Guangzhou City
4	Agile Central Point Plaza Huadu	GZ/Huadu	100%	87,482	Junction of Xinhua Sandong Avenue and Chabei Road, Huadu District, Guangzhou City
5	Keep Orange Huadu (Note 2)	GZ/Huadu	50%	126,941	East of 106 National Road, Huashan Town, Huadu District, Guangzhou City
6	Flowing Garden Conghua	GZ/Conghua	100%	442,866	Jiekou Town, Conghua District, Guangzhou City
7	Agile Haizhu Xiaoya Guangzhou	GZ/Haizhu	100%	13,660	Shigang Road, Haizhu District, Guangzhou City
8	Guangzhou Liwan District Project	GZ/Liwan	100%	21,908	12, Linghai Street, Liwan District, Guangzhou City
Guangzhou Subtotal				4,264,370	
9	La Cité Greenville Zhongshan	Zhongshan	100%	1,970,275	La Cité Greenville, Torch High-Tech Industrial Development Zone, Zhongshan City
10	New Legend Zhongshan	Zhongshan	100%	509,368	Shenchong Village, Torch High-Tech Industrial Development Zone, Zhongshan City
11	Metro Agile Zhongshan	Zhongshan	100%	1,476,285	Sanxiang Town, Zhongshan City
12	Majestic Garden Zhongshan	Zhongshan	100%	143,377	Junction of Bo'ai Road and Qiguan Road West, East District, Zhongshan City
13	Grand Garden Zhongshan	Zhongshan	100%	96,374	Junction of Bo'ai Road and Xingzhong Road, East District, Zhongshan City
14	Royal Residence Zhongshan	Zhongshan	100%	15,968	Junction of Bo'ai Road and Qiguan Road West, East District, Zhongshan City
15	Zhongshan Minzhong Town Project	Zhongshan	100%	63,450	Xinsheng Village, Minzhong Town, Zhongshan City
16	Agile Cambridgeshire Zhongshan	Zhongshan	100%	375,357	Junction of Bo'ai Road and Qiguan Road West, East District, Zhongshan City
17	Agile Royal Mount Zhongshan	Zhongshan	100%	563,253	Guinan Avenue, Wugui Mountain Town, Zhongshan City
18	Beautiful Lake Zhongshan (Note 2)	Zhongshan	50%	111,060	Changmingshui Village, Wugui Mountain Town, Zhongshan City
19	Zhongshan Kunlun Hotel Project	Zhongshan	100%	29,267	8, Nanqi Road North, Nanlang Town, Zhongshan City
20	Agile Coastal Pearl Zhongshan	Zhongshan	100%	338,892	Linguo Station, Cuiheng Village, Nanlang Town, Zhongshan City
21	Agile Gentlefolk Zhongshan	Zhongshan	100%	71,462	Jibian Village, Shiqi District, Zhongshan City
22	Zhongshan Haotousha Project	Zhongshan	100%	83,483	South of Haojiang Road West, Torch High-Tech Industrial Development Zone, Zhongshan City
23	Agile River Pearl Zhongshan (Formerly known as Zhongshan Qingxi Road Project)	Zhongshan	100%	27,868	138, Qingxi Road, Shiqi District, Zhongshan City
24	Shiguang Crescent Hill Center City Zhongshan (Note 2)	Zhongshan	50%	181,667	High Garden, Dabu Village, Sanxiang Town, Zhongshan City
25	Zhongshan Nanlong Tianlu Project (Note 2)	Zhongshan	50%	65,776	Carp Mouth, Nanlong Village, Sanxiang Town, Zhongshan City
26	Zhongshan Dongcheng Lufeng Project (Note 2)	Zhongshan	50%	162,795	Gonghua Village, Torch High-Tech Industrial Development Zone, Zhongshan City
27	Zhongshan Junhui Project (Note 3)	Zhongshan	60%	131,863	Dahuan Village, Jiangmeitou Village, Xiya Village, Torch High-Tech Industrial Development Zone, Zhongshan City
28	Agile Diyin Lake Town Zhongshan (Formerly known as Zhongshan Sanjiao Town Project) (Note 2)	Zhongshan	50%	478,955	1, Diyin Road, Sanjiao Town, Zhongshan City
29	Zhongshan Huashengtang Project (Note 2)	Zhongshan	50%	40,865	Seven Village, Tanzhou Town, Zhongshan City
30	Zhongshan Bosheng Project (Note 2)	Zhongshan	50%	45,016	Dahuan Village, Torch High-Tech Industrial Development Zone, Zhongshan City
31	Zhongshan Wenhua Project (Note 2)	Zhongshan	50%	35,993	East Bound of Spring Village, Sanxiang Town, Zhongshan City
32	Zhongshan Shenzhong Project (Note 2)	Zhongshan	50%	180,718	Hengmen Haifu Road, Nanlang Town, Zhongshan City
33	Zhongshan Hehua Hotel Project (Note 2)	Zhongshan	50%	64,536	16, Zhaoshang Road, Yongmo Village, Sanxiang Town, Zhongshan City
34	Zhongshan Shenwan Town Project (Note 2)	Zhongshan	15%	47,097	Shenwan Avenue, Zhongshan City
35	Zhongshan Sanxiang Town Project	Zhongshan	100%	69,831	Yongmo Economic Union, Sanxiang Town, Zhongshan City
36	Zhongshan Dongfeng Town Project	Zhongshan	100%	669,960	Suicheng Village, Dongfeng Town, Zhongshan City
Zhongshan Subtotal				8,050,810	
37	Agile International Garden Zhuhai (Formerly known as Zhuhai Science and Technology Park Project)	Zhuhai	100%	83,997	East of Xingzhong Road, South of Dingxing Road, Scientific Innovation Coast North Area, Zhuhai City
Zhuhai Subtotal				83,997	
38	Jiangmen Duruan Town Project (Note 3)	Jiangmen	51%	44,033	West of Chunjing Garden, Zhishan Avenue, Duruan Town, Pengjiang District, Jiangmen City
Jiangmen Subtotal				44,033	
39	Majestic Garden Nanhai	FS/Nanhai	100%	601,230	Suiyan Road, Nanhai District, Foshan City
40	Agile Personage Nanhai (Note 3)	FS/Nanhai	51%	44,786	Industrial District of Pan Village, Shuitou Village, Dali Town, Nanhai District, Foshan City
41	Agile Peninsula Sanshui	FS/Sanshui	100%	140,261	Gaofeng Village, Xi'an Street, Sanshui District, Foshan City
42	Agile Chariman Sanshui (Formerly known as Sanshui Southwest Street Project) (Note 2)	FS/Sanshui	50%	64,599	Dingziji, East of Guanghai Avenue, Xi'an Street, Sanshui District, Foshan City
43	Agile Garden Shunde	FS/Shunde	100%	212,410	Daliang Yannian Road, Shunde District, Foshan City
44	Agile British Manor Shunde	FS/Shunde	100%	93,353	West of Tianning Road, North of Huoju Road, New City District, Beijiao Town, Shunde District, Foshan City
45	Agile New City Bay Foshan	FS/Shunde	100%	50,312	East of Huayang Road, North of Meidi Avenue, Shangliao Village, Beijiao Town, Shunde District, Foshan City
46	Shunde Ronggui Street Project	FS/Shunde	100%	62,515	North of Xinbao Road East, East of outer Ring Road, Ronggui Street, Shunde District, Foshan City
47	Shunde Lecong Town Project (Note 2)	FS/Shunde	50%	110,833	North and South of Chuangfu Road 2, Shuande District, Foshan City
Foshan Subtotal				1,380,299	

Property Development (Continued)

Land bank table

(As at 31 December 2017)

	Total Planned GFA of the Project (sq.m.)	Land Bank (sq.m.) (Note 1)						
		Total Planned GFA (A)	Development Stage (B)			Planning Nature (C)		
			Completed (B1)	Under Development (B2)	Held for Future Development (B3)	Residential & Ancillary Facilities (C1)	Hotel (C2)	Commercial & Office (C3)
	1,128,255	25,263	2,153	23,110	-	25,263	-	-
	4,380,000	837,667	46,826	368,736	422,105	817,043	10,261	10,363
	613,624	62,275	62,275	-	-	62,275	-	-
	174,964	69,740	69,740	-	-	-	-	69,740
	279,270	50,069	1,708	48,361	-	50,069	-	-
	434,023	234	234	-	-	234	-	-
	63,430	63,430	-	63,430	-	63,430	-	-
	61,716	61,716	-	61,716	-	61,716	-	-
	7,135,282	1,170,394	182,936	565,353	422,105	1,080,031	10,261	80,103
	1,889,961	4,723	4,723	-	-	4,723	-	-
	769,751	45,187	-	45,187	-	45,187	-	-
	3,519,253	938,188	100,073	437,613	400,502	938,188	-	-
	236,926	211	211	-	-	211	-	-
	150,357	713	713	-	-	713	-	-
	16,144	2,495	2,495	-	-	2,495	-	-
	95,175	95,175	-	-	95,175	95,175	-	-
	1,444,668	705,351	378	513,146	191,827	705,351	-	-
	1,126,505	82,864	47,032	35,832	-	82,864	-	-
	66,636	752	752	-	-	752	-	-
	87,801	87,801	-	-	87,801	-	21,854	65,947
	677,782	107,048	20,108	86,940	-	107,048	-	-
	142,924	1,043	1,043	-	-	1,043	-	-
	166,966	166,966	-	-	166,966	166,966	-	-
	69,316	69,316	-	69,316	-	69,316	-	-
	454,167	226,099	-	226,099	-	226,099	-	-
	98,664	49,332	-	-	49,332	49,332	-	-
	347,086	173,543	-	-	173,543	173,543	-	-
	395,588	395,588	-	-	395,588	395,588	-	-
	823,803	411,902	-	83,441	328,461	411,902	-	-
	122,596	61,298	-	61,298	-	61,298	-	-
	118,564	59,282	-	59,282	-	59,282	-	-
	71,986	35,993	-	35,993	-	35,993	-	-
	451,795	225,898	-	-	225,898	225,898	-	-
	129,072	64,536	-	-	64,536	64,536	-	-
	117,742	17,661	-	-	17,661	17,661	-	-
	104,747	104,747	-	-	104,747	104,747	-	-
	1,490,400	1,490,400	-	-	1,490,400	1,490,400	-	-
	15,186,376	5,624,111	177,528	1,654,146	3,792,437	5,536,310	21,854	65,947
	206,494	206,494	-	66,152	140,342	206,494	-	-
	206,494	206,494	-	66,152	140,342	206,494	-	-
	110,083	110,083	-	62,104	47,979	110,083	-	-
	110,083	110,083	-	62,104	47,979	110,083	-	-
	859,757	11,454	11,454	-	-	11,454	-	-
	143,315	10,229	10,229	-	-	10,229	-	-
	370,653	3,975	553	3,422	-	3,975	-	-
	226,096	112,691	-	112,691	-	112,691	-	-
	488,500	3,406	3,406	-	-	-	-	3,406
	308,066	214	214	-	-	214	-	-
	131,081	1,336	1,336	-	-	1,336	-	-
	155,387	155,387	-	83,135	72,252	155,387	-	-
	310,332	155,166	-	-	155,166	155,166	-	-
	2,993,187	453,858	27,192	199,248	227,418	450,452	-	3,406

Property Development (Continued)

Land bank table

(As at 31 December 2017)

No.	Project Name	City/District	Interests Attributable to the Group	Total Site Area (sq.m.)	Address
Southern China Region					
48	Agile Garden Heyuan	Heyuan	100%	1,364,741	Huangsha Avenue Central, Heyuan City
49	Agile Egret Lake Huizhou	Huizhou	100%	2,000,000	1, Agile Road, Ruhu Town, Huizhou City
50	Agile Chairman Huizhou (Formerly known as Huizhou Huicheng District Project)	Huizhou	100%	30,192	North of Jinbang Road, Huicheng District, Huizhou City
51	Agile Garden Huiyang	Huizhou	100%	1,248,191	Yinkeng Zone, Xinqiao Village, Danshui Street, Huiyang District, Huizhou City
52	Shanwei Pingqing Lake Project	Shanwei	100%	183,407	East of Sport Road East, South of Honghaiwan Avenue, Shanwei City
Eastern Guangdong Subtotal				4,826,531	
53	Zhanjiang Sport Road North Project	Zhanjiang	100%	20,058	West of Mingzheng Road, South of Sport Road North, Zhanjiang City
Western Guangdong Subtotal				20,058	
54	Agile International Financial Center Nanning (Note 2)	Nanning	50%	78,721	South of Yunying Road, Wuxiang New District, Nanning City
Guangxi Subtotal				78,721	
Southern China Region Subtotal				18,748,818	
Eastern China Region					
55	Agile Chang Le Du Nanjing	Nanjing	100%	59,900	16, Madao Road, Qinhuai District, Nanjing City
56	The Territory Nanjing	Nanjing	100%	316,697	West of Linjiang Road and Qili River, Pukou District, Nanjing City
57	Agile Garden Gaochun	Nanjing	100%	222,641	East of Zhoujia, North of Shuanggao Road, East of New Sports Stadium, South and West of Wutai Road, Gaochun District, Nanjing City
58	Agile International Yangzhou	Yangzhou	100%	110,597	North of Planned Road 2, West of Weiyang Road, South of Jiangyang Road, East of Hongda Road, Yangzhou City
59	Agile Orchid Mansion Yangzhou (Formerly known as Yangzhou Hanjiang District Project)	Yangzhou	100%	83,312	North of Second Bridge Road, East of Xincheng River Road, West of Weiyang Road South, Hanjiang District, Yangzhou City
60	Yangzhou Station South Road Project	Yangzhou	100%	148,142	North of Jinghuacheng Road West, West of Station South Road, South of Wenchang Road West, East of Jingyi Road, Hanjiang District, Yangzhou City
61	Agile Silva Town Chuzhou	Chuzhou	100%	270,907	North of Xinchu Road, South of Xiangjiang Road, East of Changjiang Road, Chahe New City Development Zone, Chuzhou City
62	Agile Hillgrove Zhenjiang	Zhenjiang	100%	113,117	West to Tanshan Road, South to Bailongshan Road, Zhenjiang City
63	Zhenjiang Xiaomi Hill Road Project	Zhenjiang	100%	75,795	Zhenjiang Xiaomi Hill Road, Zhenjiang City
64	Jurong Wenchang Road East Project	Jurong	100%	36,758	West of 243 Provincial Expressway, South of Wenchang North Road, Jurong City
65	Agile Future Star Shanghai	Shanghai	100%	94,193	North of Planned Road 4, West of Planned Road 1, South of Shanghai Film Shooting Base, East of Yingcheng Road, Songjiang District, Shanghai City
66 (A)	Shanghai Pudong New District Project A	Shanghai	100%	542,952	5333, Dongda Road, Binhai Town, Pudong New District, Shanghai City
66 (B)	Shanghai Pudong New District Project B (Note 2)	Shanghai	40%	1,190,661	5333, Dongda Road, Binhai Town, Pudong New District, Shanghai City
67	Agile & Star River Changzhou	Changzhou	100%	223,906	West of Taishan Road, North of Longcheng Avenue, Xinbei District, Changzhou City
68	Agile Pleasure Mansion Changzhou	Changzhou	100%	45,390	East of Xinzaojiang River, West of Taishan Road, North of Sanjin River, Changzhou City
69	Agile Honour & Glory Changzhou	Changzhou	100%	194,968	Junction of Huanghe Road and Yulong Road, Xuejia Town, Xinbei District, Changzhou City
70	Agile Dream Lake Fairy Hill Changzhou	Changzhou	100%	718,738	Maoshan tourism resort, Jintan District, Changzhou City
71	Changzhou Dingxiang Road Project (Note 3)	Changzhou	51%	129,136	South of Zhongwu Avenue East, Dingxiang Road, Zhonglou District, Changzhou City
72	Changzhou Lingjiatang Project (Note 2)	Changzhou	49%	108,618	East of Longjiang Road Elevated Highway, Zhongwu Avenue, Zhonglou District, Changzhou City
73	Agile City Center Villa Wuxi	Wuxi	100%	214,664	Junction of Guanshan Road and Gong Lake Avenue, Taihu New City, Binhu District, Wuxi City
74	Agile Garden Nantong	Nantong	100%	187,437	West of Lincui Road, South of Fuxing Road, Nantong City
75	Nantong Tongzhou District Project (Note 2)	Nantong	33.4%	83,920	East of Mudanjiang Road, South of Nanhu Road East, Nanshan Lake, Tongzhou District, Nantong City
76	Nantong Haimen City Project	Nantong	100%	141,257	East of Beijing Road, South of Zhujiang Road, New town District, Haimen City, Nantong City
77	Agile International Garden Hangzhou	Hangzhou	100%	132,446	North of Yangqiao Road, Xianlin Road, Yuhang District, Hangzhou City
78	Agile Luxuriant Palace Suzhou (Note 2)	Suzhou	62.5%	81,202	South of Li River Road, West of Cheng Yun Road, Xiangcheng Development Zone, Suzhou City
79	Changshu Baoci Road North Project	Changshu	100%	45,420	West of Baoci Road North, South of North Third Ring Road, Yushan Town, Changshu City
80(A)	Xiamen Xiang'an District Project A	Xiamen	100%	12,206	Northwest of Junction of Xiang'an Avenue and Tingyang Road, Xiang'an District, Xiamen City
80(B)	Xiamen Xiang'an District Project B	Xiamen	100%	7,964	Northwest of Junction of Xiang'an Avenue and Tingyang Road, Xiang'an District, Xiamen City
Eastern China Region Subtotal				5,592,944	
Western China Region					
81	Agile Garden Chengdu	Chengdu	100%	1,338,960	19, Second Section, Lushan Avenue, Shuangliu County, Chengdu City
82	Agile Chairman Xi'an (Note 3)	Xi'an	70%	75,953	South of Qujiangchi Road South, West of Xinkaimen Road South, North of South Third Ring, Qujiang New District, Xi'an City
83	Agile Life Diary Xi'an	Xi'an	100%	277,519	South of Ju River, West of Ziwu Avenue, Guodu Street Office, Chang'an District, Xi'an City
84	Agile City of Lohas Xi'an (Formerly known as Xi'an Fengdong New Town Project) (Note 3)	Xi'an	51%	59,434	East of West Third Ring Road, South of Afang Yi Road, Fengdong New Town, Xi'an City
85	Agile Chairman Chongqing	Chongqing	100%	119,287	Shuangshan District, Dadukou District, Chongqing City
86	Agile Mountain Chongqing (Formerly known as Chongqing Liangjiang New District Project)	Chongqing	100%	203,112	South of Central Park, Liangjiang New District, Chongqing City
87	Chongqing Banan District Project (note 2)	Chongqing	33.3%	157,427	South of Tianlu Avenue, East of Dongcheng Avenue, Banan District, Chongqing City
88	Chongqing Lijia Town Project	Chongqing	100%	138,140	Lijia Town, Liangjiang New District, Chongqing City
Western China Region Subtotal				2,369,832	

Property Development (Continued)

Land bank table

(As at 31 December 2017)

	Total Planned GFA of the Project (sq.m.)	Land Bank (sq.m.) (Note 1)						
		Total Planned GFA (A)	Development Stage (B)			Planning Nature (C)		
			Completed (B1)	Under Development (B2)	Held for Future Development (B3)	Residential & Ancillary Facilities (C1)	Hotel (C2)	Commercial & Office (C3)
	2,729,481	660,734	24,181	614,965	21,588	595,734	65,000	-
	2,000,000	853,639	32,698	-	820,941	853,639	-	-
	66,420	66,420	-	66,420	-	66,420	-	-
	2,995,658	2,611,879	22,086	246,432	2,343,361	2,611,879	-	-
	416,914	416,914	-	-	416,914	416,914	-	-
	8,208,473	4,609,586	78,965	927,817	3,602,804	4,544,586	65,000	-
	60,027	60,027	-	-	60,027	60,027	-	-
	60,027	60,027	-	-	60,027	60,027	-	-
	432,860	187,773	-	187,773	-	21,667	30,668	135,438
	432,860	187,773	-	187,773	-	21,667	30,668	135,438
	34,332,781	12,422,326	466,621	3,662,593	8,293,111	12,009,649	127,783	284,894
	59,600	29,246	29,246	-	-	29,246	-	-
	910,561	287,933	117,130	170,803	-	287,933	-	-
	512,074	336,181	4,382	225,535	106,264	336,181	-	-
	436,858	271,593	2,379	269,214	-	141,846	43,194	86,553
	141,630	141,630	-	141,630	-	141,630	-	-
	237,027	237,027	-	47,388	189,639	237,027	-	-
	677,266	477,334	-	152,758	324,576	477,334	-	-
	226,200	152,586	323	152,263	-	152,586	-	-
	128,860	128,860	-	-	128,860	128,860	-	-
	73,516	73,516	-	-	73,516	73,516	-	-
	148,025	183	183	-	-	183	-	-
	290,687	290,687	-	-	290,687	290,687	-	-
	146,487	58,595	-	-	58,595	58,595	-	-
	559,765	138,253	21,902	116,351	-	138,253	-	-
	54,468	54,468	-	54,468	-	54,468	-	-
	286,608	286,608	418	286,190	-	286,608	-	-
	359,733	359,733	-	233,680	126,053	359,733	-	-
	236,499	236,499	-	-	236,499	236,499	-	-
	217,236	106,446	-	-	106,446	106,446	-	-
	590,325	280,854	7,643	12,368	260,843	20,011	-	260,843
	510,000	272,730	1,486	271,244	-	272,730	-	-
	134,272	44,847	-	-	44,847	44,847	-	-
	296,640	296,640	-	-	296,640	276,640	-	20,000
	423,827	206,304	2,654	203,650	-	206,304	-	-
	162,404	101,503	-	101,503	-	101,503	-	-
	59,046	59,046	-	-	59,046	59,046	-	-
	29,296	29,296	-	-	29,296	29,296	-	-
	19,112	19,112	-	-	19,112	19,112	-	-
	7,928,023	4,977,709	187,746	2,439,044	2,350,919	4,567,119	43,194	367,396
	1,606,752	395,255	74,091	293,979	27,185	395,255	-	-
	215,092	57,969	47	57,922	-	57,969	-	-
	695,070	576,035	2,419	228,727	344,889	461,451	-	114,584
	168,748	168,748	-	104,333	64,415	168,748	-	-
	348,172	29,967	3,366	26,601	-	29,967	-	-
	362,486	362,486	-	140,572	221,914	362,486	-	-
	366,953	122,195	-	63,133	59,063	116,351	-	5,844
	187,009	187,009	-	95,433	91,576	187,009	-	-
	3,950,282	1,899,664	79,923	1,010,700	809,041	1,779,236	-	120,428

Property Development (Continued)

Land bank table

(As at 31 December 2017)

No.	Project Name	City/District	Interests Attributable to the Group	Total Site Area (sq.m.)	Address
Central China Region					
89	Bund Mansion Changsha (Note 2)	Changsha	50%	197,406	Xiangjiang Avenue, Kaifu District, Changsha City
90	Agile Garden Changsha	Changsha	100%	40,000	Xiangjiang Avenue, Kaifu District, Changsha City
91	Agile Evian Town Changsha	Changsha	100%	410,911	Near Ninghui Road, Huitang Village, Huitang Town, Ningxiang County, Changsha City
92	Agile International Garden Zhengzhou (Note 3)	Zhengzhou	60%	83,681	Ruifeng Road and Kangzhuang Road, Baisha Town, Zhongmou County, Zhengzhou City
93	Agile Forest Lake Zhengzhou	Zhengzhou	100%	78,328	North of Rich Road 4, East of Ping Hua Road, West of Peony Second Street, South of Rich Road 3, Lubo Component, Zhongmou County, Zhengzhou City
94	Agile Chairman Zhengzhou (Formerly known as Zhengzhou Zhengdong New District Project)	Zhengzhou	100%	49,485	East of Ruyi East Road, North of Chaoyang Road, Longhu District, Zhengzhou City
95	Kaifeng Longting District Project (note 2)	Kaifeng	20.4%	264,008	East of Huangbian River, North of Fuxing Avenue, Longting District, Kaifeng City
96	Chenzhou Project	Chenzhou	100%	121,066	Zhudui Village, Matian Village, Heping Village, Suxian District, Chenzhou City
97	Agile International Garden Wuhan (Note 2)	Wuhan	50%	406,583	Wushu Village, Miaoshan Office, Jiangxia District, Wuhan City
Central China Region Subtotal				1,651,467	
Hainan & Yunnan Region					
98	Hainan Clearwater Bay Project	Lingshui	100%	10,698,576	Clearwater Bay Avenue, Yingzhou Town, Lingshui Li Minority Autonomous County, Hainan Province
99	Agile Pure Moon Bay Hainan	Wenchang	100%	447,764	Qibu District, Moon Bay, Changjiu Town, Wenchang City, Hainan Province
100	Agile Starlight City Hainan (Formerly known as Hainan Wenchang Tongguling Project)	Wenchang	100%	110,098	West of Baoling Middle Road, North of Zuanshi Avenue, Tongguling, Longlou Town, Wenchang City, Hainan Province
101	Agile Golden Bay Hainan (Formerly known as Haikou Golden Bay Project) (note 3)	Haikou	60%	376,502	West Coast Golden Bay District, Haikou City, Hainan Province
102	Qionghai Shanzhin Bay Project (Note 3)	Qionghai	51%	233,334	Shanzhin Bay, Wanning Mountain, Qionghai City, Hainan Province
103	Lingao Nanbao Town Project	Lingao	100%	88,963	North of Songmei Village, Nanbao Town, Lingao City, Hainan Province
104	Agile International Garden Ruli	Ruli	100%	263,994	East of 40m Planning Road, North of Tuanjie Road, North of Maohan Road Long Line, South of Make Villager Group, Ruli City
105	Agile Eden Yunnan	Tengchong	100%	2,423,266	Qushi Community, Qushi Town, Tengchong City
106	Agile Quenya Yunnan	Xishuangbanna	100%	528,533	Manda Village, Gasu Town, Jinghong, Xishuangbanna
Hainan & Yunnan Region Subtotal				15,171,030	
Northeast China Region					
107	Agile Garden Shenyang	Shenyang	100%	536,848	1, Punan Road, Daoyi South Street, Shenbei New District, Shenyang City
Northeast China Region Subtotal				536,848	
Northern China Region					
108	Tianjin Jinnan New City (Note 2)	Tianjin	25%	1,289,227	Southwest of Junction of Tianjin Avenue and Donggu Road, Jinan District, Tianjin City
109	Beijing Yangqing District Project (Note 3)	Beijing	51%	198,254	Xinbao Village, Banyan Town, Yangqing County, Beijing City
110	Jinan Huayi Project (note 2)	Jinan	50%	21,181	South of Xinggang Road, East of Huayi Fengshan Road, Jinan City
111	Jinan Lixia District Project (note 2)	Jinan	50%	49,573	North to Xinggang Road, South to Fengshan Road South, Changling Mountain Area, East of CBD of Jinnan City
Northern China Region Subtotal				1,558,235	
Hong Kong					
112	Hong Kong King's Road Project	Jinan	100%	929	992-998 King's Road, Quarry Bay, Hong Kong
Hong Kong Subtotal				929	
Overseas					
113	Agile Mont Kiara Kuala Lumpur (Note 3)	Kuala Lumpur, Malaysia	70%	41,130	Mukim Batu, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan, Kuala Lumpur, Malaysia
114	Agile Bukit Bintang Kuala Lumpur (Formerly known as Kuala Lumpur Bukit Bintang Project) (Note 3)	Kuala Lumpur, Malaysia	70%	15,174	Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan, Kuala Lumpur, Malaysia
115	South San Francisco Oyster Point Project (Note 2)	South San Francisco, US	10%	169,968	360 and 375-389 Oyster Point Boulevard, and 401, 425 and 671 Marina Boulevard, South San Francisco, California, US
Overseas Subtotal				226,272	
Grand Total (Note 4)				45,856,377	

Notes:

- Land bank data includes only GFA that is calculated based on plot ratio and A=B=C. The data of completed GFA and GFA under development are as at 31 December 2017. Data are derived from the Group's internal record.
- Total site area and total planned GFA of joint venture projects including Guangzhou Asian Games City Project, Keep Orange Huadu, Beautiful Lake Zhongshan, Shiguang Crescent Hill Center City Zhongshan, Zhongshan Nanlong Tianlu Project, Zhongshan Dongcheng Lufeng Project, Agile Diyin Lake Town Zhongshan (Formerly known as Zhongshan Sanjiao Town Project), Zhongshan Huashengtang Project, Zhongshan Bosheng Project, Zhongshan Wenhua Project, Zhongshan Shenzhong Project, Zhongshan Hehua Hotel Project, Zhongshan Shenwan Town Project, Agile Chairman Sanshui (Formerly known as Sanshui Southwest Street Project), Shunde Lecong Town Project, Agile International Financial Center Nanning, Shanghai Pudong New District Project B, Changzhou Lingjiatang Project, Nantong Tongzhou District Project, Agile Luxuriant Palace Suzhou, Chongqing Banan District Project, Bund Mansion Changsha, Kaifeng Longting District Project, Agile International Garden Wuhan, Tianjin Jinnan New City, Jinan Huayi Project, Jinan Lixia District Project and South San Francisco Oyster Point Project are the total area of the overall projects; while the area set out in the column of land bank is the area proportional to the respective equity interests held by the Group.

Property Development (Continued)

Land bank table

(As at 31 December 2017)

	Total Planned GFA of the Project (sq.m.)	Land Bank (sq.m.) (Note 1)						
		Total Planned GFA (A)	Development Stage (B)			Planning Nature (C)		
			Completed (B1)	Under Development (B2)	Held for Future Development (B3)	Residential & Ancillary Facilities (C1)	Hotel (C2)	Commercial & Office (C3)
	670,237	215,093	10,617	56,632	147,844	66,123	-	148,969
	112,000	55,593	2,656	50,979	1,958	55,593	-	-
	739,641	687,906	7,033	191,962	488,911	687,906	-	-
	196,634	1,081	1,081	-	-	1,081	-	-
	195,821	195,821	-	195,821	-	195,821	-	-
	74,227	74,227	-	74,227	-	74,227	-	-
	660,019	134,644	-	-	134,644	134,644	-	-
	145,279	145,279	-	-	145,279	145,279	-	-
	800,000	400,000	-	271,594	128,406	400,000	-	-
	3,593,858	1,909,643	21,386	841,215	1,047,042	1,760,674	-	148,969
	8,402,563	5,064,690	158,474	3,168,993	1,737,223	4,307,295	604,709	152,686
	379,841	20,154	1,808	18,346	-	20,154	-	-
	330,294	330,294	-	135,513	194,781	330,294	-	-
	704,451	704,451	-	156,806	547,645	672,451	32,000	-
	183,779	183,779	-	-	183,779	133,767	50,012	-
	44,482	44,482	-	-	44,482	-	44,482	-
	731,852	593,866	43,199	265,709	284,958	533,880	59,986	-
	4,004,836	3,798,081	102,935	318,884	3,376,262	3,498,169	299,912	-
	634,240	471,218	25,723	266,570	178,925	471,218	-	-
	15,416,337	11,211,014	332,139	4,330,821	6,548,054	9,967,228	1,091,101	152,686
	1,110,834	726,395	12,127	266,100	448,168	726,395	-	-
	1,110,834	726,395	12,127	266,100	448,168	726,395	-	-
	3,010,901	441,937	11,641	136,484	293,811	276,418	9,925	155,594
	65,000	65,000	-	-	65,000	55,486	9,514	-
	58,743	29,372	-	-	29,372	29,372	-	-
	148,719	74,359	-	-	74,359	70,379	-	3,980
	3,283,363	610,668	11,641	136,484	462,542	431,655	19,439	159,574
	1,887	1,887	-	-	1,887	1,887	-	-
	1,887	1,887	-	-	1,887	1,887	-	-
	167,100	167,100	-	167,100	-	167,100	-	-
	151,961	151,961	-	-	151,961	151,961	-	-
	209,032	20,903	-	-	20,903	-	-	20,903
	528,093	339,964	-	167,100	172,864	319,061	-	20,903
	70,145,458	34,099,270	1,111,584	12,854,058	20,133,628	31,562,903	1,281,516	1,254,850

- The project including Zhongshan Junhui Project, Jiangmen Duruan Town Project, Agile Personage Nanhai, Changzhou Dingxiang Road Project, Agile Chairman Xi'an, Agile City of Lohas Xi'an (Formerly known as Xi'an Fengdong New Town Project), Agile International Garden Zhengzhou, Agile Golden Bay Hainan (Formerly known as Haikou Golden Bay Project), Qionghai Shanqin Bay Project, Beijing Yanqing Project, Agile Mont Kiara Kuala Lumpur and Agile Bukit Bintang Kuala Lumpur (Formerly known as Kuala Lumpur Bukit Bintang Project) are held by the subsidiaries of the Group, their total site area, total planned GFA of the projects and land bank are shown in 100%.
- Besides the above information, the Group holds 70% equity interest in lands (including agricultural land and others) with site area of approximately 1.29 million sq. feet in the New Territories, Hong Kong and is intended to submit its application for amendment of plan to the relevant government department.

Property Development (Continued)

Flagship projects at a glance

Southern China Region

Agile
Mountain
Guangzhou



Agile
Haizhu Xiaoya
Guangzhou

Southern China Region

Agile Diyin Lake Town Zhongshan



Property Development (Continued)

Flagship projects at a glance
Southern China Region

Agile
Cambridgeshire
Zhongshan



Agile
Royal Mount
Zhongshan

Flagship projects at a glance
Southern China Region

Agile
International Garden
Zhuhai



Agile
Chairman
Sanshui

Property Development (Continued)

Flagship projects at a glance

Southern China Region

Agile
Peninsula
Sanshui



Agile
Garden
Heyuan

Flagship projects at a glance
Southern China Region

Agile
Chairman
Huizhou



Property Development (Continued)

Flagship projects at a glance

Southern China Region

Agile
Garden
Huiyang



Agile
International Financial Center
Nanning

Flagship projects at a glance
Eastern China Region

Agile
Chang Le Du
Nanjing



The Territory
Nanjing

Property Development (Continued)

Flagship projects at a glance Eastern China Region

Agile Garden Gaochun



Agile City Center Villa Wuxi

Flagship projects at a glance
Eastern China Region

Agile
Pleasure Mansion
Changzhou



Property Development (Continued)

Flagship projects at a glance

Eastern China Region

Agile
Dream Lake Fairy Hill
Changzhou



Flagship projects at a glance
Eastern China Region

Agile
Honour & Glory
Changzhou



Agile
Luxuriant Palace
Suzhou

Property Development (Continued)

Flagship projects at a glance

Eastern China Region

Agile
International
Yangzhou



Agile
Orchid Mansion
Yangzhou

Flagship projects at a glance
Eastern China Region

Agile
International Garden
Hangzhou



Property Development (Continued)

Flagship projects at a glance Western China Region

Agile Garden Chengdu



Agile Mountain Chongqing

Flagship projects at a glance
Western China Region

Agile
City of Lohas
Xi'an



Agile
Life Diary
Xi'an

Property Development (Continued)

Flagship projects at a glance

Central China Region

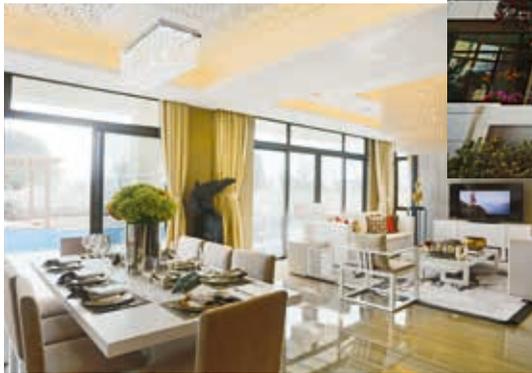
Agile
Forest Lake
Zhengzhou



Agile
Chairman
Zhengzhou

Flagship projects at a glance
Central China Region

Agile
Evian Town
Changsha



Agile
Garden
Changsha

Property Development (Continued)

Flagship projects at a glance

Central China Region



Agile International Garden Wuhan



Flagship projects at a glance
Hainan & Yunnan Region

Hainan
Clearwater Bay



Agile
Golden Bay
Hainan

Property Development (Continued)

Flagship projects at a glance

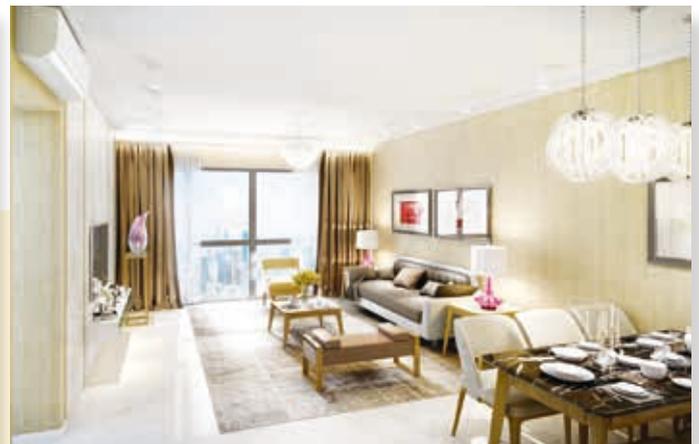
Hainan & Yunnan Region

Agile
Eden
Yunnan



Agile
Quenya
Yunnan

Agile
Mont Kiara
Kuala Lumpur



Agile
Bukit Bintang
Kuala Lumpur



Hotel Operations and Property Investment

The Group believes that a diversified business portfolio can generate steady income, broaden income base and disperse operational risks. Furthermore, benefiting from the synergy arising from the hotels and commercial properties located within the Group's property development projects, the value of these projects has also been enhanced.





Hotel Operations and Property Investment



Business overview

During the year, hotel operations and property investment businesses of the Group continued to grow, and generated continuous and steady income.

During the year, the Group had 8 hotels in operations, including Shanghai Marriott Hotel City Centre, Raffles Hainan, Sheraton Bailuhu Resort Huizhou, Howard Johnson Agile Plaza Chengdu, Holiday Inn Resort Hainan Clearwater Bay, Foshan Agile Hotel, Zhongshan Agile Hotel and Tengchong Agile Hotel. The total revenue increased by 2.1% when compared with last year.

During the year, Guangzhou Agile Center, Agile International Plaza Shanghai and Xiqiao Metropolis Plaza as the key property investments of the Group maintained stable occupancy rate. Of which, Guangzhou Agile Center recorded an occupancy rate of nearly 100%, generating stable income for the Group.

Major hotels

Shanghai Marriott Hotel City Centre

Shanghai Marriott Hotel City Centre is located at the central part of Huangpu District in Shanghai, and enjoys superior geographic advantage. The hotel features 720 superior rooms and suites, professional conference facilities of over 2,000 sq.m., 5 restaurants serving world-class Japanese, Chinese and international cuisines, as well as a deluxe spa and health club, embodying the function of business, tourism, large-scale conference and exhibition. The hotel has been in operation since 2011.

Hotel Operations and Property Investment (Continued)



Raffles Hainan

Raffles Hainan is an elegantly designed hotel located at Hainan Clearwater Bay, and provides 299 sea view guest rooms and deluxe suites, 33 villas and Raffles Amrita Spa, a special spa centre of over 2,000 sq.m., and is adjacent to the ancillary facilities including golf courses. The hotel has been in operation since 2013.

Sheraton Bailuhu Resort Huizhou

Sheraton Bailuhu Resort Huizhou is handsomely situated adjacent to the beautiful Egret Lake in the northeast part of Huizhou City, and provides 449 deluxe lake view guest rooms and suites. The hotel has been in operation since 2014.

Howard Johnson Agile Plaza Chengdu

Howard Johnson Agile Plaza Chengdu is located in "Platinum Garden", the high-end component of Agile Garden Chengdu, providing 342 standard rooms and deluxe suites. The hotel has been in operation since 2014.

Holiday Inn Resort Hainan Clearwater Bay

Holiday Inn Resort Hainan Clearwater Bay is located at Hainan Clearwater Bay and provides 275 guest rooms and suites with golf course view. The hotel has been in operation since 2014.

Foshan Agile Hotel

Foshan Agile Hotel is located opposite to Majestic Garden Nanhai, providing 200 superior rooms in accordance with 4-star standard. The hotel has been in operation since 2008.

Zhongshan Agile Hotel

Zhongshan Agile Hotel is located at the heart of Sanxiang Town of Zhongshan City, providing 66 deluxe rooms and executive business suites. The hotel has been in operation since 2001.

Tengchong Agile Hotel

Tengchong Agile Hotel is located at Qushi Town, Tengchong City, and comprises 75 standard rooms. The hotel has been in operation since 2015.

Hotel Operations and Property Investment (Continued)



Major investment properties

Guangzhou Agile Center

Located at the commercial core area of Zhujiang downtown Guangzhou City, Guangzhou Agile Center boasts an extensive public transport system, with the “Zhujiang New Town Station” of Guangzhou Metro Line 3 situated nearby. Guangzhou Agile Center, a 39-storey Grade A office building, has a total GFA of approximately 88,000 sq.m.. The building is outfitted with ancillary facilities including bank, restaurant and beauty shop. The building has been put into operation since 2014 and its 33th to 39th floors have been made use of as the headquarters of the Group.

Agile International Plaza Shanghai

Located at the prosperous hub of tourism, retail and commercial centre of Huangpu District of Shanghai City, Agile International Plaza Shanghai, a 4-storey building with a total GFA of approximately 21,200 sq.m., is geographically well-located with excellent transportation network. The building has been put into operation since 2012.



Xiqiao Metropolis Plaza

Xiqiao Metropolis Plaza, located in Xiqiao Town, Nanhai of Foshan City, has a total GFA of approximately 58,000 sq.m., and is the first integrated one-stop shopping centre in Xiqiao Town with diversified services including shopping, dining, entertainment and leisure facilities. The building has been put into operation since 2011.



A-Living Services Co., Ltd. (“A-Living”) separately listed on the Main Board of Hong Kong Stock Exchange in February 2018. The stock code is 3319. After its spin-off and separate listing, A-Living remains the company’s subsidiary.

A-Living is a reputable property management service provider in China focusing on mid- to high-end properties. The operations of A-Living comprise four key business segments, namely new property management, community O2O, traditional professional company and asset-light development of tourism property resources, incorporating all of its businesses including property, intelligent community, tourism, advertising, marketing and housing inspection. With over 20 years of solid experience in property management services, A-Living provides quality and all-rounded home life solutions to the customers.

During the year, A-Living acquired a wholly-owned subsidiary of Greenland Holdings Group Company Limited (“Greenland Group”) and successfully brought in Greenland Group as a strategic shareholder. Following the completion of spin-off and separate listing, Agile and Greenland Group hold approximately 54% and 15% of the total issued share capital of A-Living respectively. Meanwhile, both parties will roll out the cooperation model of dual-branded strategic partnership, with an aim to establish a comprehensive resident service management platform which embraces international standards, providing more comprehensive and sophisticated property service.

The Group redefines the concept of community services through A-Living using the collective development model. The Group not only integrates the quality resources but also forges comprehensive community services inclusive of high quality property management, online community network and total product offering, with an aim to fully activate a new industrial chain for community services.



A-Living (Continued)

Diversified property management service

Adhering to the “customer-oriented” philosophy, A-Living has been dedicated to providing comprehensive, professional and quality property management services, with an aim to satisfy residents’ needs for customised services. This is also one of the major reasons for the high recognition of the brand.

As at 31 December 2017, A-Living managed projects in 69 cities and districts in China, managing a GFA of 78.34 million sq.m. and serving more than 1 million owners and residents.

During the year, A-Living was dedicated to diversifying its property management portfolio by extending its service scope to non-residential properties including shopping malls, office buildings, super high-rise buildings, multi-purpose complexes and hotels. In addition to traditional property management services, A-Living provides various one-stop value-added services to property owners and non-property owners.

Capitalising on the Group’s strength in vacation property development, A-Living has successfully developed a vacation property management business model. Currently, A-Living provides property management services to vacation properties located in well-known tourist destinations including Guangdong, Hainan, Yunnan and Hunan. In addition, A-Living has extensive industry experience in large-scale property management. As of 31 December, 2017, the Group managed 12 projects with GFA managed exceeding one million sq.m..

“Property management 4.0”

Harnessing the power of technologies like mobile Internet and Internet of Things, A-Living follows the trend of “Internet+” and has created a brand new property management and community service model, “Property Management 4.0” by combining online and offline quality resources. A-Living has launched a one-stop service platform that integrates key mobile applications including “A-Steward”, “A-Business” and “A-Assistant”, as well as the offline services including A-Living Experience Center, and merchandise supplier and service provider network platform on A-Steward Alliance.

“Property Management 4.0” not only further enhances the professional service level but also provides more diversified services. Furthermore, the interests of owners and residents were safeguarded, as the transparency of operation and financial data was improved. In order to satisfy the increasingly diversified service demands, the Group will develop and provide more featured value-added services. In addition, A-Living will be committed to improving customers’ experience and cost efficiency using advanced technology while continuing to develop its one-stop service platform to optimise customer satisfaction.





Honours and recognition

During the year, the outstanding property management service of A-Living has been well recognised. According to the data released by the China Real Estate Association and the China Real Estate Appraisal Centre, A-Living ranked 12th among the property management companies in China in terms of brand value and overall strength. In addition, according to the data released by the China Index Academy, A-Living ranked 13th among the Top 100 Property Management Companies in terms of overall strength and received the accreditation of the “Top 100 Property Management Service Provider in China”. All these highly affirmed that A-Living is a first-mover with a competitive market position in the property management industry in China.

With the successive completion of newly-built residential and commercial properties in various regions in the country, A-Living will shoulder the responsibility to provide premium property management services and continues to pursue excellence in respect of service quality and operation efficiency to cater to the more sophisticated services demand of residents and tenants.

Harmonious community

During the year, A-Living established the “A-Fun Neighbourhood” brand for a caring neighbourhood culture and created social well-being. The Group organised approximately 1,800 community cultural activities including sports day, neighbourhood carnival, family summer camp, care and love for the elderly and community spring festival gala for residents of A-Living communities, attracting over 260,000 participants.

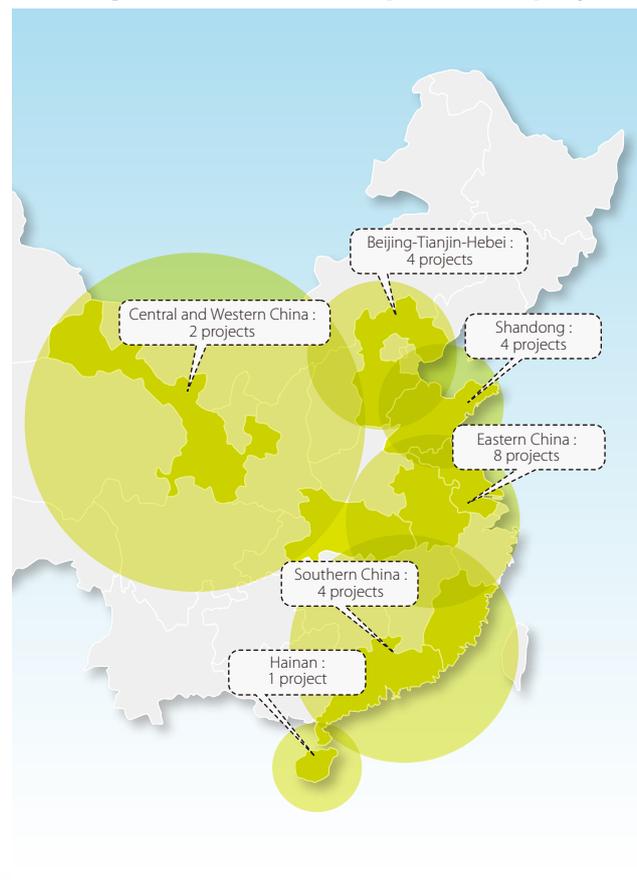
Environmental Protection



The Group has established diversified environmental protection business with three primary areas including solid waste treatment, environmental restoration and water affairs. These focused areas cover the treatment of hazardous waste, domestic garbage, food waste, sludge and the environmental restoration of soil and water, sewage treatment and water production.

As at 31 December 2017, the Group had 23 environmental protection projects located in Beijing-Tianjin-Hebei region, Shandong, Eastern China, Southern China, Central and Western China and Hainan. As at 31 December 2017, the Group had a planned annual capacity to process more than 1.5 million tonnes of industrial hazardous wastes. Its safety landfill site had a total capacity of over 8 million square meters. In terms of the planned annual capacity for hazardous waste treatment, the Group is among the leaders of the industry.

Coverage of environmental protection projects



Solid waste business

The environmental protection team of the Group is equipped with mature techniques for solid waste treatment and boasts extensive project management experience. In addition to conventional treatment techniques in landfill and incineration, the team has been involved in in-depth studies on plasma gasification, biochemistry and recycling and other areas through international cooperation, in anticipation of attaining harmless treatment and recycling practices that are far better than conventional techniques.

So far, the Group has established and operated an integrated industrial chain which encompasses incineration, physiochemical treatment, landfill and comprehensive utilisation, and is qualified for most types of hazardous waste treatment. Besides, as one of the few domestic businesses that is equipped with core technology and intellectual property concerning incinerators, the Group has currently built the largest incineration system in the country, and commenced operation of 100 tonnes of waste per day. Apart from that, the Group has established strategic collaboration with domestic research institutes such as Tongji University and Chinese Academy of Sciences, in a bid to apply the research outcomes of the environmental protection industry with joint efforts.

Environmental restoration business

The environmental restoration business of the Group focuses on the environmental restoration concerning soil and water. In respect of water environmental restoration, the Group provides systematic solutions including partial sediment dredging and treatment, black and odorous water treatment, regional wetland landscape construction, and the construction of "Sponge Cities". In respect of technology, the Group is equipped with aquatic microorganism activation technique and system, and unparalleled advantages in comparison with conventional restoration technique for water environment.

In respect of soil environmental restoration, the Group has joined hands with leading domestic research institutes on soil environment to conduct in-depth studies on various soil restoration techniques and develop soil restoration solutions based on local conditions.



Water affairs business

The water affairs business of the Group covers water supply, domestic sewage treatment and industrial wastewater treatment.

As at 31 December 2017, the Group owned a water supply capacity of 500,000 meters³ per day and a sewage treatment capacity of 300,000 meters³ per day and its water treatment area reached 500,000 meters³.

The Group owns a number of water plants and sewage treatment works in Hainan, Guangdong and Yunnan etc.. At the same time, some of the properties owned by the Group are also built with sewage treatment works furnished by advanced technology, in a bid to ensure a healthy, quality life of property owners.



Construction



Leveraging its experience and expertise accumulated in the real estate industry over the years, and in line with its innovative operational philosophy, the Group has successfully established construction business by integrating four major business segments, namely, design consulting, engineering procurement construction and materials trading, landscape construction and home decoration. The construction business creates new sources of income growth to the Group's diversified business. The four major business segments include:

Design consulting

This segment mainly includes project planning, architectural design, structural design, electromechanical design, interior design, landscape design and cost consulting etc.

Engineering procurement construction and materials trading

This segment mainly includes engineering procurement construction (EPC), building materials production, production of prefabricated building materials, procurement of goods and sales. As a first-class EPC enterprise for construction projects approved by the Ministry of Construction, it mainly undertakes property construction projects with its business scope covering property, municipal, PPP and EPC projects.

Landscape construction

This segment is principally engaged in landscape design and construction, seedling sales and greenery maintenance. Since its inception, this segment has undertaken over 120 landscaping projects with contracted area amounting to approximately 3.5 million sq.m.

Home decoration

This segment mainly includes bulk decoration works, woodwork production and home decoration. Leveraging its experience in project development over the years and the advantages in creating ingenious design of show flats, this business segment provides renovation service for the entire flat, offering one-stop solutions to every renovation problem and enabling clients and owners to move in without any hassle.

During the year, construction business of the Group covered 16 provinces and 34 prefecture-level cities, with more than 200 projects undertaken. In the future, the Group will proactively extend to other business segments such as agent construction, new construction materials and healthy, smart buildings. Under the "4+n" industrial model, the new business will strive to grow into an integrated construction team that covers the entire process of real estate development.



Investor Relations



The Group has been upholding the management concept of “mutual communication for a win-win situation”. Subject to related Listing Rules and regulations, the Group keeps close dialogues with the investment community through multi-channels and maintains a high level of transparency. The Group aims to enhance investors’ understanding of the Group’s business by informing the market on the Group’s operating results and latest development in a timely and precise manner. The Group also takes into account the valuable suggestions from investors when formulating strategies.

As at 31 December 2017, about 24 investment banks and securities companies have initiated research coverage on the securities of the Company which bestowed the Company with one of the highest research coverage in China’s property sector. Currently, the Company has established contacts with over 4,000 investors and analysts.

During the year, the Group’s management and investor relations team actively organised and participated in various investor relations activities and met over 1,300 investors. These activities included interim and annual results press conferences, investor briefings, non-deal roadshows conducted in Hong Kong, China, Japan, Singapore, Malaysia, the Netherlands, the United Kingdom and the United States, reverse roadshow, corporate days and investor conferences organised by various investment banks and securities companies, company visits, site visits and so on. Management had in-depth discussion with investors on the industry trend and responded proactively to investors queries on results, development strategies and so on. Besides, the Company regularly disseminates the latest operation information through announcements, press releases and company website in a timely and proactive manner.

Investor Relations (Continued)

Major investor relations activities of the Company in 2017

Month	Place	Activity
January	Hong Kong	Barclays Asia Credit Corporate Day
	Hong Kong	BNP Paribas Asia Pacific Financials & Property Day
	Shanghai	UBS 17th Annual Greater China Conference
March	Amsterdam	2016 Annual Results Non-deal Roadshow co-organised with BNP Paribas
	Hong Kong	2016 Annual Results Investor Presentation and Press Conference
	Hong Kong	2016 Annual Results Non-deal Roadshow co-organised with CIMB
	Hong Kong	2016 Annual Results Non-deal Roadshow co-organised with HSBC
	Hong Kong	2016 Annual Results Non-deal Roadshow co-organised with Morgan Stanley
	Hong Kong	Credit Suisse 20th Annual Asian Investment Conference
	London	2016 Annual Results Non-deal Roadshow co-organised with BNP Paribas
	Rotterdam	2016 Annual Results Non-deal Roadshow co-organised with BNP Paribas
	Singapore	2016 Annual Results Non-deal Roadshow co-organised with Macquarie
April	Hong Kong	2016 Annual Results Non-deal Roadshow co-organised with Standard Chartered Bank
	Hong Kong	HSBC 7th Annual Greater China Property & Financials Conference
May	Hong Kong	UBS HK/China Property Conference 2017
	Shenzhen	HSBC China Conference
June	Tianjin	22nd CLSA China Forum
	Beijing	J.P. Morgan Global China Summit 2017
August	Hong Kong	CIMB HK/China Property Corporate Day
	Hong Kong	Citi Asia Pacific Property Conference 2017
	Hong Kong	HSBC Asia Credit Conference
September	Hong Kong	2017 Interim Results Investor Presentation and Press Conference
	Hong Kong	2017 Interim Results Non-deal Roadshow co-organised with HSBC
	Hong Kong	2017 Interim Results Non-deal Roadshow co-organised with JP Morgan
	Hong Kong	2017 Interim Results Non-deal Roadshow co-organised with Morgan Stanley
October	Boston	2017 Interim Results Non-deal Roadshow co-organised with BNP Paribas
	Hong Kong	Analysts Luncheon organised by the Company
	Hong Kong	CLSA Investors' Forum 2017
	Kuala Lumpur	2017 Interim Results Non-deal Roadshow co-organised with CIMB
	London	2017 Interim Results Non-deal Roadshow co-organised with BNP Paribas
	New York	2017 Interim Results Non-deal Roadshow co-organised with BNP Paribas
	Shenzhen	Goldman Sachs China Conference 2017
	Shanghai	2017 Interim Results Non-deal Roadshow co-organised with Huatai Financial
	Singapore	2017 Interim Results Non-deal Roadshow co-organised with CLSA
Singapore	2017 Interim Results Non-deal Roadshow co-organised with Standard Chartered Bank	
November	Macau	Citi 12th China Investor Conference
	Tokyo	2017 Interim Results Non-deal Roadshow co-organised with JP Morgan
	Shenzhen	2017 Interim Results Non-deal Roadshow co-organised with China Merchants Securities
November	Beijing	Bank of America Merrill Lynch 2017 China Conference
	Hong Kong	Jefferies 7th Annual Greater China Summit
	Hong Kong	Nomura Asian High Yield Corporate Day 2017
	Shenzhen	Credit Suisse China Investment Conference 2017
	Singapore	Morgan Stanley 16th Annual Asia Pacific Summit

Directors' Profile

CHEN Zhuo Lin (陳卓林), aged 56, is the Chairman of the Board and the President of the Company. Mr. Chen is the founder of the Group. He has been the Chairman of the Board and an executive Director since August 2005 and a President of the Company since March 2014. Mr. Chen is also a director of certain subsidiaries of the Company. Mr. Chen has over 25 years of extensive experience in real estate development and management. He is mainly responsible for the formulation of development strategies, directions on the operations and management of overall business, decision-making on investment projects, setting the goal of the financial year for the Group and maintaining the relationships between the Group and the Shareholders. Mr. Chen received several honorary awards, including "World Outstanding Chinese Award", "Top 30 Chinese Philanthropists in 30 Years of Reform (改革開放30年·華人慈善30人)", "China Philanthropy Outstanding Contribution Individual Award (中華慈善突出貢獻人物獎)", "Top 10 Persons of the Year for China Enterprise Management Excellence Award (中國企業十大卓越管理年度人物)", "Year of the People in Education of Zhongshan (中山教育年度人物)" and "Honourary Resident in Zhongshan (中山市榮譽市民)". For the public services, Mr. Chen serves as an executive vice chairperson of China Overseas Chinese Entrepreneurs Association (中國僑商投資企業協會), a honorary vice president of Chinese Language and Culture Education Foundation of China (中國華文教育基金會), the vice chairperson of Friends of Hong Kong Association Development Foundation, the vice chairman of Hong Kong New Home Association, the vice chairperson of Zhongshan Association of Enterprise with Overseas Chinese Investment (中山市僑資企業商會), a honorary vice chairperson of Sun Yat-sen Foundation (孫中山基金會), the vice chairperson of Guangdong Overseas Chinese Enterprises Association (廣東省僑商投資企業協會) and an executive chairperson of the 4th Guangdong Chamber of Real Estate (廣東省地產商會). Mr. Chen is the brother of Chan Cheuk Yin, Chan Cheuk Hung, Chan Cheuk Hei and Chan Cheuk Nam and also the spouse of Luk Sin Fong, Fion.

CHAN Cheuk Yin (陳卓賢), aged 50, has been the Vice Chairperson of the Board and a non-executive Director since 25 March 2015. He had been an executive Director and Vice Chairperson of the Board and Co-president of the Company from August 2005 to 28 March 2014; a non-executive Director from 28 March 2014 to 10 October 2014; an executive Director and an Acting Co-chairperson of the Board and Acting Co-president of the Company from 10 October 2014 to 25 March 2015. Mr. Chan is also a director of certain subsidiaries of the Company. He has over 25 years of extensive experience in real estate development and management. Mr. Chan is mainly responsible for the participation in Board meetings to provide advice on the development strategy and policy of the Group in achieving agreed corporate goals and objectives and for the scrutinisation of the Group's performance. Mr. Chan has received several honorary awards, including "Guangdong Province Outstanding Entrepreneurs of Privately-owned Enterprises (廣東省優秀民營企業家)" in 2003, "2006-2007 The Most Respected Entrepreneurs in Guangzhou, PRC (2006-2007年中國廣州最受尊敬企業家)" in 2007 and "Top 10 Philanthropist in Guangdong (廣東十大慈善人物)" in 2008. For the public services, he is the chairperson of Guangdong Chamber of Real Estate (廣東省地產商會) and an honorary chairperson of 3rd Council of Guangdong Provincial Qiaoxin Charity Foundation (廣東省僑心慈善基金會). In addition, he was an honorary vice chairperson of China Charity Federation (中華慈善總會) in 2007. Mr. Chan is the brother of Chen Zhuo Lin, Chan Cheuk Hung, Chan Cheuk Hei and Chan Cheuk Nam.

Directors' Profile (Continued)

LUK Sin Fong, Fion (陸倩芳), aged 56, has been the Vice Chairperson of the Board and a non-executive Director since 25 March 2015. She had been an executive Director, Vice Chairperson of the Board and Co-president of the Company from August 2005 to 28 March 2014; a non-executive Director from 28 March 2014 to 10 October 2014; an executive Director, an Acting Co-chairperson of the Board and an Acting Co-president of the Company from 10 October 2014 to 25 March 2015. She is also a member of remuneration committee and nomination committee of the Board and a director of certain subsidiaries of the Company. Madam Luk has over 25 years of extensive experience in real estate development and management; in particular she has outstanding achievement in strategic marketing and marketing management. She is mainly responsible for the participation in Board meetings to provide advice on the development strategy and policy of the Group in achieving agreed corporate goals and objectives and for the scrutinisation of the Group's performance. Madam Luk holds a Master's degree in Business Administration from Western Sydney University (formerly known as University of Western Sydney) in Australia. She has received several honorary awards including honorary resident in Foshan and Nanhai District in 2004 and Zhongshan in 2009, respectively, "Zhongshan Outstanding Entrepreneurs (中山優秀企業家)" in 2006 and "Top 10 Excellent CBO (中國十大卓越CBO)" in 2008. For the public services, Madam Luk is currently the vice chairperson of Guangzhou Housing Society (廣州市房地產協會) and an honorary chairperson of Guangdong Provincial Qiaoxin Charity Foundation (廣東省僑心慈善基金會). She is the spouse of Chen Zhuo Lin.

CHAN Cheuk Hung (陳卓雄), aged 60, has been an executive Director since August 2005. He is also a member of the risk management committee of the Board, the Vice President of the Company and a director of certain subsidiaries of the Company. Mr. Chan has over 25 years of extensive experience in real estate development and related business. He is mainly responsible for the quality, progress, cost control and management of contractors of the Group's construction projects, as well as the management of the operation of Zhongshan Fashion Decoration Co., Ltd. (中山市時興裝飾有限公司) and Guangzhou Zhenzhong Construction Co., Ltd. (廣州振中建設有限公司). Mr. Chan has received several honorary awards, including honorary resident in Foshan and "Community Construction Outstanding Contribution Award (小區建設突出貢獻獎)" in National Xiaokang Housing Demonstration Community Competition (國家小康住宅示範小區評比) hosted by Ministry of Construction (國家建設部) in 2000. For the public services, he was a standing committee member of Guangdong Province Real Estate Association (廣東省房地產協會) in 2004. Mr. Chan is a non-executive director and the co-chairman of the board, and a member of the risk management committee of A-Living Services Co., Ltd. (stock code: 3319) ("A-Living"). Mr. Chan is the brother of Chen Zhuo Lin, Chan Cheuk Yin, Chan Cheuk Hei and Chan Cheuk Nam.

HUANG Fengchao (黃奉潮), aged 55, has been an executive Director since 28 March 2014. He is also the Chairperson of the risk management committee of the Board, Vice President of the Company and a director of certain subsidiaries of the Company. Since joining the Group in 1999, Mr. Huang had been the head of real estate management centre of the Group, general manager of Huadu and Nanhu projects and regional head of Hainan and Yunnan region. Prior to joining the Group, he worked for ExxonMobil (China) Co. Ltd. (美國埃索(中國)有限公司) and France TOTAL (China) Ltd. (法國道達爾(中國)有限公司). He is also an executive director and the co-chairman of the board, the chairperson of the risk management committee, and a member of the remuneration and appraisal committee and nomination committee of A-Living.

CHEN Zhongqi (陳忠其), aged 50, has been an executive Director since 28 March 2014. He is also a member of the risk management committee of the Board, Vice President of the Company and a director of certain subsidiaries of the Company. Since joining the Group in 1993, Mr. Chen had been a project controller and chief engineer, supervisor of the Project Engineering Department, deputy manager of Project Management Department and the deputy head of Real Estate Management Centre of the Group. He is mainly responsible for the management of the project development of the Group's real estate business, including monitoring the quality, progress, technology, contracts and quantity surveying of projects. Mr. Chen received his professional qualification in industrial and civil construction from Neijiang Normal University (內江師範學院) in 1991. He is also qualified as a budgeting engineer and a registered quantity surveyor.

CHAN Cheuk Hei (陳卓喜), aged 59, has been a non-executive Director since 28 March 2014. He had been an executive Director and a Senior Vice President of the Company from August 2005 to 28 March 2014. Mr. Chan is also a director of certain subsidiaries of the Company. Mr. Chan has over 25 years of extensive experience in real estate development and related business. He is mainly responsible for the participation in Board meetings to provide advice on the development strategy and policy of the Group in achieving agreed corporate goals and objectives and for the scrutinisation of the Group's performance. Mr. Chan is the brother of Chen Zhuo Lin, Chan Cheuk Yin, Chan Cheuk Hung and Chan Cheuk Nam.

CHAN Cheuk Nam (陳卓南), aged 54, has been a non-executive Director since 28 March 2014. He had been an executive Director and a Senior Vice President of the Company from August 2005 to 28 March 2014. Mr. Chan is also a director of certain subsidiaries of the Company. Mr. Chan has over 25 years of extensive experience in real estate development and management. He is mainly responsible for the participation in Board meetings to provide advice on the development strategy and policy of the Group in achieving agreed corporate goals and objectives and for the scrutinisation of the Group's performance. Mr. Chan is the brother of Chen Zhuo Lin, Chan Cheuk Yin, Chan Cheuk Hung and Chan Cheuk Hei.

CHENG Hon Kwan (鄭漢鈞), *GBS, OBE, JP*, aged 90, has been an independent non-executive Director since 27 October 2005. He is also the Chairperson of remuneration committee and a member of audit committee and nomination committee of the Board. Dr. Cheng is mainly responsible for providing independent advice to the Board. He holds a Bachelor of Science in Engineering degree from Tianjin University and a postgraduate diploma from The Imperial College London. Dr. Cheng was also awarded several honorary doctorate degrees by The Hong Kong University of Science and Technology, City University of Hong Kong, The Open University of Hong Kong and The Open University, United Kingdom, and is a honorary fellow of The Imperial College London and City and Guilds of London Institute. Dr. Cheng is a former president, honorary fellow and gold medallist of The Hong Kong Institution of Engineers; former vice president, fellow and gold medallist of The Institution of Structural Engineers; fellow of The Institution of Civil Engineers, United Kingdom and of American Society of Civil Engineers, and honorary fellow of The Institution of Engineers, Australia. He is also an honorary member of both Hong Kong Institute of Planners and Hong Kong Institute of Architects and obtained National Class 1 Registered Structural Engineer qualification. Dr. Cheng is an Authorised Person and a Registered Structural Engineer under the Buildings Ordinance (Chapter 123 of the laws of Hong Kong); and former chairperson of Hong Kong Housing Authority and Transport Advisory Committee. He is a former member of both Executive Council and Legislative Council and a former standing member of the Tianjin Committee Chinese People's Political Consultative Conference. Dr. Cheng is currently a permanent honorary chairperson of Hong Kong Tianjin Friendship Association. Dr. Cheng is currently an independent non-executive director of Tianjin Development Holdings Limited (stock code: 882). He resigned as an independent non-executive director of Wing Hang Bank, Limited (delisted on Hong Kong Stock Exchange) in August 2014. He also retired as an independent non-executive director of Hang Lung Group Limited (stock code: 10) and resigned as an independent non-executive director of Hang Lung Properties Limited (stock code: 101) in April 2015.

Directors' Profile (Continued)

KWONG Che Keung, Gordon (鄺志強), aged 68, has been an independent non-executive Director since 27 October 2005. He is also the Chairperson of audit committee and a member of remuneration committee and nomination committee of the Board. Mr. Kwong is mainly responsible for providing independent advice to the Board. He holds a Bachelor of Social Science degree from The University of Hong Kong and is a fellow member of both The Institute of Chartered Accountants in England and Wales and The Hong Kong Institute of Certified Public Accountants. Mr. Kwong is currently an independent non-executive director of a number of companies, including NWS Holdings Limited (stock code: 659), OP Financial Investments Limited (stock code: 1140), Global Digital Creations Holdings Limited (stock code: 8271), China Power International Development Limited (stock code: 2380), Henderson Land Development Company Limited (stock code: 12), Henderson Investment Limited (stock code: 97), Chow Tai Fook Jewellery Group Limited (stock code: 1929), FSE Engineering Holdings Limited (stock code: 331) Shanghai Commercial Bank Limited and Piraeus Port Authority S.A. (a company listed in Athens, Greece). He resigned as supervisor of Beijing Capital International Airport Company Limited (stock code: 694) in June 2014. He also retired as an independent non-executive director of COSCO SHIPPING Holdings Co., Ltd. (stock code: 1919) in May 2017 and CITIC Telecom International Holdings Limited (stock code: 1883) in June 2017. Mr. Kwong was a partner of Pricewaterhouse from 1984 to 1998 and a council member of Hong Kong Stock Exchange from 1992 to 1997.

HUI Chiu Chung, Stephen (許照中), JP, aged 70, has been an independent non-executive Director since 27 June 2014. He is also the Chairperson of nomination committee, a member of audit committee and remuneration committee of the Board. Mr. Hui is mainly responsible for providing independent advice to the Board. He has over 40 years of experience in the securities and investment industry. He is a senior fellow member of Hong Kong Securities and Investment Institute and a fellow member of The Hong Kong Institute of Directors. He had been serving as a council member and vice chairman of Hong Kong Stock Exchange, a member of the Advisory Committee of the Hong Kong Securities and Futures Commission ("SFC"), a director of the Hong Kong Securities Clearing Company Limited, a member of the Listing Committee of Hong Kong Exchanges and Clearing Limited, an appointed member of the Securities and Futures Appeal Tribunal, a member of the Standing Committee on Company Law Reform and an appointed member of the Hong Kong Institute of Certified Public Accountants Investigation Panel A, a member of the Committee on Real Estate Investment Trusts of the SFC and an appointed member of Zhuhai Municipal Committee of the Chinese People's Political Consultative Conference. Mr. Hui is a member of Hengqin New Area Development Advisory Committee and Hong Kong and Macao Legal Issues Expert Group of The Administrative Committee of Hengqin New Area, Zhuhai. Mr. Hui was appointed by the Government of the Hong Kong as a Justice of the Peace. He is currently a non-executive director of Luk Fook Holdings (International) Limited (stock code: 590) and the chairman and chief executive officer of Luk Fook Financial Services Limited. He also serves as an independent non-executive director of China South City Holdings Limited (stock code: 1668), Gemdale Properties and Investment Corporation Limited (stock code: 535), Lifestyle International Holdings Limited (stock code: 1212), SINOPEC Engineering (Group) Co., Ltd. (stock code: 2386), Zhuhai Holdings Investment Group Limited (stock code: 908) and FSE Engineering Holdings Limited (stock code: 331). He resigned as an independent non-executive director of Chun Wo Development Holdings Limited (now known as Asian Allied Infrastructure Holdings Limited) (stock code: 711) in February 2015, and retired as an independent non-executive director of Hong Kong Exchanges and Clearing Limited (stock code: 388) in April 2015.

WONG Shiu Hoi, Peter (黃紹開), aged 77, has been an independent non-executive Director since 27 June 2014. He is also a member of audit committee, nomination committee, remuneration committee and risk management committee of the Board. Mr. Wong is mainly responsible for providing independent advice to the Board. He holds a Master of Business Administration Degree from the University of Macau (formerly known as the University of East Asia, Macau). Mr. Wong possesses over 40 years of experience in the financial services industry. For the public services, he was a former chairman of The Hong Kong Institute of Directors Limited, a former member of Standing Committee of Company Law Reform, Listing Committee of Hong Kong Stock Exchange, Financial Services Advisory Committee and Professional Services Advisory Committee of the Hong Kong Trade Development Council and a former director of the Hong Kong Securities and Investment Institute. He was a former overseas business advisor of Haitong Securities Company Limited and an executive director, deputy chairman and chief executive of Haitong International Securities Group Limited. He is currently a consultant of Halcyon Holdings Limited, and an independent non-executive director of High Fashion International Limited (stock code: 608), Tianjin Development Holdings Limited (stock code: 882) and Target Insurance (Holdings) Limited (stock code: 6161).

Senior Management's Profile

PAN Zhiyong (潘智勇), aged 48, is the Vice President of the Company. Mr. Pan joined the Group in 2017. He is mainly responsible for financial management, investment business, legal affairs and human resources management and administration of the Group. Before joining the Group, Mr. Pan had held different positions in Agricultural Bank of China ("ABC"), Guangdong branch including the general manager of Marketing Department, Institutional Banking Division and Corporate Banking Department, assistant president and vice president. He had been the president of ABC Zhaoqing branch. Mr. Pan holds a Bachelor of Economics degree in Finance from Jinan University, a Master of Business Administration degree in Business Administration and a Doctoral of Management Science degree in Management Science and Engineering from South China University of Technology. Mr. Pan also has a senior economist qualification. He had been awarded as Senior Financial Management Talent of Guangzhou (廣州市金融高級管理人才), Model Worker of Zhaoqing City (肇慶市勞動模範) and Ten Outstanding Young Persons of ABC Guangdong Branch (中國農業銀行廣東省分行十大傑出青年). He is the executive vice president of China Interchange Association of Top Credit-rating Property Enterprises Association (中國地產資訊強企交流會).

WANG Haiyang (王海洋), aged 47, is the Vice President of the Company and the President of the Company's property group. Mr. Wang joined the Group in July 2011. He was the General Manager of China Machinery TDI International Engineering Co., Ltd, Zhongshan branch. Mr. Wang holds a Bachelor's degree in Construction Engineering from Xi'an University of Technology. He is a PRC National Class 1 Registered Structural Engineer.

CHEUNG Sum Sam (張森), aged 54, is the Chief Financial Officer of the Group. He joined the Group in July 2013 and is mainly responsible for financial management, accounting, capital markets, corporate affairs and investor relations of the Group. Mr. Cheung holds a Bachelor of Science (Economics) degree in Accounting and Finance from the London School of Economics and Political Science, University of London. He is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom and the Hong Kong Institute of Certified Public Accountants.

YUE Yuan (岳元), aged 42, is the Vice President of the Company and its property group and an assistant to Chairman. Madam Yue joined the Group in 2006. She is mainly responsible for the management of the costing centre, the procurement centre of the Company's property group, the brand management, the hotel management and the golf club management of the Company. Madam Yue holds a Bachelor of Engineering degree from Lanzhou Jiaotong University (formerly known as Lanzhou Railway University) and a Master of Science degree in Construction Project Management from the University of Hong Kong. She is a Shanghai City registered bidding engineer, a PRC intermediate economist, a PRC registered budgeting engineer and a member of the Royal Institution of Chartered Surveyors.

LI Xuejun (李雪君), aged 37, is the Vice President of the Company, the general manager of operations department of the Company and the President of environmental group. Mr. Li joined the Group in March 2008. He had been an assistant to Vice President, an assistant to Chairman and the general manager of operation centre of property group. He is mainly responsible for the operation and management of operations department and IT department of the Group and the business operations of environmental protection group. Mr. Li holds a Bachelor of Water Supply and Drainage from Tongji University and a Master's degree in Business Administration from Tsinghua University.

LAM Ping Yuk (林炳玉), aged 46, is the Company Secretary of the Company and Senior Head of Capital Markets and Corporate Affairs Department of the Group. Mr. Lam joined the Group in January 2015 as Head of Capital Markets and Corporate Affairs Department. He is mainly responsible for capital markets, corporate affairs, investor relations and overseas financial management of the Group. He was appointed as the Company Secretary of Company on 16 December 2016, and concurrently is responsible for the company secretarial, legal and compliance matters of the Group. Mr. Lam graduated from The University of Hong Kong with a Bachelor of Economics degree and a Master of Science in Electronic Commerce and Internet Computing. He is a fellow member of the Association of Chartered Certified Accounts in the United Kingdom and the Hong Kong Institute of Certified Public Accountants.

Corporate Governance Report (Continued)

The Board and Management

The Board takes Shareholders' interests as its priority in promoting and maintaining successful development of business so as to achieve consistent long-term financial returns, while taking due account of the interests of those with whom the Group does business and others. The Board is accountable for formulating the business and management directions of the Group and that they are managed in such a way as to achieve the objectives of the Company. The Board's responsibilities are to formulate corporate strategy and long-term business model of the Group and to monitor and control operating and financial performance in pursuit of strategic objectives of the Group.

The Board delegates day-to-day operations of the Group to the management of the Company. The Board and the management have clearly defined their authorities and responsibilities under various internal control and check and balance mechanisms. The Board does not delegate matters to the Board committee(s), executive Directors or management to an extent that would significantly hinder or reduce the ability of the Board as a whole to perform its functions.

Board Composition

The Company is headed by the Board which comprises twelve Directors, including four executive Directors (namely Chen Zhuo Lin (Chairman and President), Chan Cheuk Hung, Huang Fengchao and Chen Zhongqi), four NEDs (namely Chan Cheuk Yin (Vice Chairperson), Luk Sin Fong, Fion (Vice Chairperson), Chan Cheuk Hei and Chan Cheuk Nam) and four INEDs (namely Cheng Hon Kwan, Kwong Che Keung, Gordon, Hui Chiu Chung, Stephen and Wong Shiu Hoi, Peter). The biographical details and relationship amongst them, if any, are set out on pages 69 to 73 of this annual report.

Chairman and President

The Chairman provides leadership for the Board and ensures the effectiveness of the Board in fulfilling its roles and responsibilities and the establishment of sound corporate governance practices and procedures for the Company. The Chairman is also responsible for formulating the overall strategies and policies of the Company and monitoring their implementation. Meanwhile, the Chairman, as chief executive of the Company, shall be delegated the authority by the Board to lead the vice presidents and the senior management for the daily operation and business management of the Group in accordance with the objectives, directions, and risk management and internal control policies laid down by the Board.

The code provision A.2.1 of the CG Code requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual. However, in view of the present composition of the Board, Chen Zhuo Lin's in-depth knowledge of the operations of the Group and of the industry, his extensive business network and connections in the sector and the scope of operations of the Group, the Board believes that Chen Zhuo Lin, in his dual capacity as the Chairman of the Board and President, will provide strong and consistent leadership for the development of the Group. The Board also believes that this structure is in the best interest of the Company and will not impair the balance of power and authority of the Board and such arrangement will be subject to review from time to time.

Independent Non-executive Directors

INEDs play a significant role in the Board by virtue of their independent judgement and their views carry significant weight in the Board's decisions. They are experienced professionals in areas such as accounting, financial management, structural and civil engineering, securities and investment industries. Their extensive experiences significantly contribute to enhancing the decision-making of the Board and achieving a sustainable and balanced development of the Group. In particular, they bring impartial views and opinions on issues of the Company's strategy, performance and control, and take the lead where potential conflicts of interests arise. The Board believes that its culture of openness and debate facilitates the effective contribution of Directors, INEDs in particular, to the Board and ensures constructive relationship among executive Directors, NEDs and INEDs.

During the year, the Company was in compliance with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules, with INEDs equal to one-third of the Board and with at least one of them possessing relevant professional qualifications or accounting or related financial management expertise.

Two of the INEDs, namely Cheng Hon Kwan and Kwong Che Keung, Gordon, have served the Board for more than nine years. Notwithstanding their length of tenure, in view of their wide spectrum of knowledge, extensive business experience and familiarity with the Company's affairs, the Board is of the opinion that they possess the required character, integrity and experience to ensure their independence in order to objectively scrutinise the Company's performance.

An annual confirmation of independence was received from each of four INEDs pursuant to Rule 3.13 of the Listing Rules and the Company considers each of them to be independent.

Appointment and Re-election of Directors

Chen Zhuo Lin and Chan Cheuk Hung 'executive Directors' have entered into service agreements with the Company, while Huang Fengchao and Chan Zhungqi 'executive Directors' and all NEDs (including INEDs) have entered into appointment letters with the Company setting out the terms and conditions of their appointment. Each Director is appointed for a specific term of 3 years, subject to the provisions on Directors' retirement as set out in the Articles. Any Director appointed by the Board either to fill a casual vacancy or as an addition to the existing Board shall hold office only until the next general meeting of the Company, and shall then be eligible for re-election. Every Director, including those appointed for a specific term, shall be subject to retirement by rotation. At each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire by rotation. The names of Directors who are eligible for re-election at general meetings will be disclosed in the notice of the relevant general meetings and their biographical details will be provided in the accompanying circulars. The re-election of each Director will be subject to vote of Shareholders by separate resolutions.

In accordance with the Articles, Chen Zhuo Lin, Luk Sin Fong, Fion, Chan Cheuk Nam and Cheng Hon Kwan shall retire by rotation at the 2018 AGM to be held on Monday, 14 May 2018. All the said Directors, being eligible, will offer themselves for re-election at the 2018 AGM.

Each Director has disclosed to the Company about the names of and the titles and nature of office held in the public companies or organisations, prior to the acceptance of the appointment, and promised to inform the Company timely of any relevant change. The Company will also require Directors to submit written confirmation or update on their biographical details, if any, twice a year, and set out the updated biographical details of Directors, if any, in this annual report.

Board and Board Committee Meetings

The Board meets at least four times each year or more as required. Directors may participate in meetings either in person or through electronic means of communication. The schedule of regular meetings for the next year will be presented to all Directors in the last Board meeting of the year so that they can arrange for the meetings. All Directors are given not less than fourteen days' notice for regular Board meetings. For other Board and Board committee meetings, reasonable notice will be given.

The Company Secretary assists the Chairman in preparing the agenda of regular Board meetings and circulates the draft Board meeting agenda to all Directors for their perusal and comment. Directors are invited to include any matters in the agenda which they think appropriate. The Board meeting agenda will be issued by the Company Secretary after incorporating all the comments of Directors (if any). Relevant meeting materials are provided to the Directors at least three days before the meetings to ensure that they are given sufficient review time and are adequately prepared for the meetings.

Corporate Governance Report (Continued)

Each Director shall have access to the senior management and the Company Secretary and they may also seek independent professional advice at the expense of the Company. Any matter involving interest of substantial Shareholder(s) or Director(s) shall be subject to the consideration and approval by the Board at a physical Board meeting, or to be implemented and dealt with by the designated Board committee. Directors who have interest may attend the meeting, but shall not be counted towards quorum and shall abstain from voting on the relevant matter. All Directors may require the Company Secretary to provide advice and services on relevant aspects, including the follow-up of, or the provision of support to, any matters, ensuring that the Board procedures and all applicable rules and regulations are observed.

The management will submit relevant reports to the Directors for review as part of meeting materials for every regular Board meeting. After the briefing given to the Directors, the management will answer any enquiry made by the Directors. The Board may make informed assessment on the financial and other information submitted to them for their approval. Sufficient time will be allowed for the Directors to discuss.

The meeting minutes of the Board and its committees are drafted and kept by the Company Secretary. All meeting minutes will set out in detail the matters discussed and considered at the meetings, including, among others, any queries made or views expressed by the Directors. The Company Secretary will distribute the draft meeting minutes to all Directors for their comment and final version of the meeting minutes to all Directors for their record within reasonable time after the meetings is held.

During the year, the Board held a total of five meetings. Each Director's attendance record for the Board meetings, Board committee meetings and general meetings is set out as follow:

	Number of attendance/meeting held in 2017					
	The Board	Audit Committee	Nomination Committee	Remuneration Committee	Risk Management Committee	General Meeting
Chen Zhuo Lin (<i>Chairman and President</i>) (Note 1)	5/5	–	–	–	2/2	1/2
Chan Cheuk Yin (<i>Vice Chairperson</i>)	3/5	–	–	–	–	0/2
Luk Sin Fong, Fion (<i>Vice Chairperson</i>)	5/5	–	1/1	1/1	–	0/2
Chan Cheuk Hung	5/5	–	–	–	1/2	0/2
Huang Fengchao (Note 2)	5/5	–	–	–	2/2	0/2
Chen Zhongqi	5/5	–	–	–	2/2	0/2
Chan Cheuk Hei	5/5	–	–	–	–	0/2
Chan Cheuk Nam	5/5	–	–	–	–	0/2
Cheng Hon Kwan	5/5	2/2	1/1	1/1	–	2/2
Kwong Che Keung, Gordon	5/5	2/2	1/1	1/1	–	1/2
Cheung Wing Yui, Edward (Note 3)	4/5	2/2	1/1	1/1	–	2/2
Hui Chiu Chung, Stephen (Note 4)	4/5	2/2	1/1	1/1	–	2/2
Wong Shiu Hoi, Peter (Note 5)	5/5	–	1/1	1/1	2/2	1/2

Note 1: He ceased to be the Chairperson and a member of the Risk Management Committee on 13 February 2018.

Note 2: He was appointed as the Chairperson of the risk management committee on 13 February 2018.

Note 3: He resigned as an INED and ceased to be the Chairperson and a member of the Nomination Committee and a member of each of the Audit Committee and the Remuneration Committee on 13 February 2018.

Note 4: He was appointed as the Chairperson of the nomination committee on 13 February 2018.

Note 5: He was appointed as a member of the Audit Committee on 13 February 2018.

All the executive Directors, NEDs and INEDs have allocated a reasonable amount of time to follow and deal with various affairs of the Company during the year. In addition to attending the meetings of the Board and its committees, each Director has allocated sufficient time on reviewing materials provided by the Company from time to time. Furthermore, each member of the audit committee also spent sufficient time on reviewing internal audit reports provided by the internal audit department. The Chairman met once with the NEDs and INEDs without the executive Directors present.

Training and Support for Directors

The Company has established procedures for training and development of Directors. Newly appointed Director will be provided with comprehensive, formal and tailored induction on the first occasion of his/her appointment and, subsequently, necessary briefing and professional development so as to ensure the Directors have adequate understanding and strengthen their awareness of the business and operation of the Group, their responsibilities and obligations under the statutory and common laws, the Listing Rules, laws and other regulatory requirement and governance policies, enabling the Directors to discharge their duties properly. The Company Secretary maintains proper records of training attended by the Directors.

During the year, the summary of training received by the Directors is as follows:

Directors	Training Matters <small>Note 1</small>
<i>Executive Directors</i>	
Chen Zhuo Lin (<i>Chairman and President</i>)	A, B
Chan Cheuk Hung	A, B
Huang Fengchao	A, B
Chen Zhongqi	A, B
<i>NEDs</i>	
Chan Cheuk Yin (<i>Vice Chairperson</i>)	A, B
Luk Sin Fong, Fion (<i>Vice Chairperson</i>)	A, B
Chan Cheuk Hei	A, B
Chan Cheuk Nam	A, B
<i>INEDs</i>	
Cheng Hon Kwan	A, B
Kwong Che Keung, Gordon	A, B
Cheung Wing Yui, Edward (Note 2)	A, B
Hui Chiu Chung, Stephen	A, B
Wong Shiu Hoi, Peter	A, B

Note 1: A. corporate governance
B. regulatory

Note 2: He resigned as an INED on 13 February 2018.

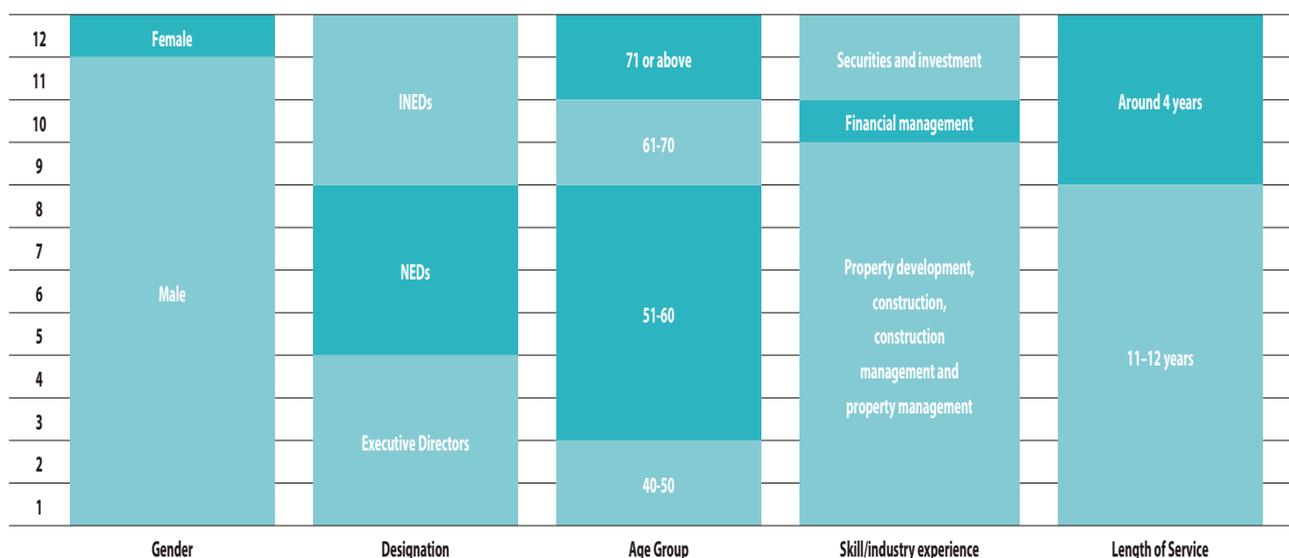
Corporate Governance Report (Continued)

Board Diversity

In order to achieve a diversity of perspectives among members of the Board, the Company has formulated a policy to consider a number of factors when deciding on appointments to the Board and the continuation of those appointments. Such factors include but are not limited to gender, age, cultural, educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

An analysis of the current Board composition is set out in the following chart:

Number of Directors



The Board is highly diversified in terms of gender, position, age, professional experience, skills, knowledge and length of service. The nomination committee reviews and monitors the implementation of the Board diversity policy from time to time to ensure its effectiveness. The Board will set measurable objectives for achieving Board diversity as appropriate.

Directors and Senior Management Liability Insurance

The Company has arranged appropriate insurance covering the potential legal actions against its Directors and senior management in connection with the discharge of their responsibilities.

Board Committees

The Company has established 4 Board committees, namely the remuneration committee, nomination committee, audit committee and risk management committee. Terms of reference of each of the committees are available on Agile's website (www.agile.com.cn) and Hong Kong Stock Exchange's website (www.hkex.com.hk), and will be amended by the Board from time to time.

Remuneration Committee

The remuneration committee has been established since November 2005 and currently comprises 4 INEDs and a NED. The members of the remuneration committee include Cheng Hon Kwan (as Chairperson), Kwong Che Keung, Gordon, Hui Chiu Chung, Stephen, Wong Shiu Hoi, Peter and Luk Sin Fong, Fion.

The major duties of the remuneration committee are to make recommendations to the Board on the remuneration packages of individual Directors (including executive Directors and NEDs) and senior management of the Group, formulate the policies and structure for remuneration of Directors and senior management of the Group and establish a formal and transparent procedure for developing remuneration policy. Remuneration packages include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of office or appointment. In determining remuneration of Directors and senior management of the Group, the Board will consider the remuneration level of comparable companies, the time commitment and responsibilities and employment conditions elsewhere in the Group, individual performance of respective Directors and the Company's performance. No Director shall be involved in deciding his/her own remuneration.

During the year, the remuneration committee held a meeting in March, the agenda of which is set out below:

- discussing the recommendation on the remuneration adjustments of senior management for 2017;
- confirming the remuneration of executive Directors, NEDs and INEDs for 2016; and
- discussing and determining the recommendation on the remuneration adjustment of executive Directors, NEDs and INEDs for 2017.

Nomination Committee

The nomination committee has been established since December 2006 and currently comprises 4 INEDs and a NED. The members of the nomination committee include Hui Chiu Chung, Stephen (as Chairperson), Cheng Hon Kwan, Kwong Che Keung, Gordon, Wong Shiu Hoi, Peter and Luk Sin Fong, Fion.

The major duties of the nomination committee are to determine policy for the nomination of Directors, give advice to the Board on the appointment or re-appointment and succession plan of Directors (particularly the Chairman and executive Directors), review the structure, number of members and composition (including but not limited to gender, age, cultural, educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board and to assess the independence of INEDs.

The nomination committee is responsible for the development of selection procedures for candidates, and will consider different criteria (including but not limited to gender, age, cultural, educational background, ethnicity, professional experience, skills, knowledge and length of service). The nomination committee, if necessary, may seek independent professional opinions when discharging their duties at the fees and expense of the Company.

During the year, the nomination committee held a meeting in March and the agenda was mainly (i) to consider the contribution to the Group by Chan Cheuk Yin, Chan Cheuk Hei, Kwong Che Keung, Gordon, Hui Chiu Chung, Stephen and Wong Shiu Hoi, Peter, the retiring Directors, and advise the Board on the re-election of such retiring Directors at the 2017 AGM; (ii) to assess the independence of the INEDs; and (iii) to consider and review the structure, number of members and composition of the Board.

Audit Committee

The audit committee has been established since November 2005 and currently comprises 4 INEDs. The members of the audit committee include Kwong Che Keung, Gordon (as Chairperson), Cheng Hon Kwan, Hui Chiu Chung, Stephen and Mr. Wong Shiu Hoi, Peter.

Corporate Governance Report (Continued)

The major duties of the audit committee are to review accounting policy, to monitor the performance of the Company's external auditor and the internal audit department, to review financial information and to review the method and effectiveness of the financial reporting of the Company so as to ensure the compliance with the applicable accounting and reporting regulations and the requirements of law and provisions, to supervise the financial reporting system, and risk management and internal control policies, to consider and review the resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and to report the results to the Board. The audit committee, if necessary, may seek independent professional opinions when discharging their duties at the fees and expenses of Company.

During the year, the audit committee held 2 meetings in March and August respectively, the agenda of which is set out below:

- reviewing annual results of 2016 and annual report of 2016, interim results of 2017 and interim report of 2017;
- reviewing audit and review reports of the auditors, recommendation reports of internal control and management;
- discussing and reviewing internal control management reports, audit monitoring plans and audit timetables of the internal audit department;
- considering the re-appointment of external auditor of the Company;
- reviewing the resources of accounting and financial reporting functions of the Group;
- reviewing the effectiveness of the Company's internal audit function; and
- reviewing staff malpractices monitoring reports.

The audit committee meets with the external auditor, at least once annually, in the absence of management, to discuss matters relating to its audit fees, any issue arising from the audit and any other matters the auditor may wish to raise. The audit committee and the Board have no disagreement in relation to the recommendation of the re-appointment of PricewaterhouseCoopers as the external auditor.

External Auditor

At the 2017 AGM, the Shareholders approved the re-appointment of PricewaterhouseCoopers as the auditor of the Group. For the year ended 31 December 2017, remuneration paid and payable to PricewaterhouseCoopers in relation to audit and non-audit services is detailed as below:

	2017 RMB	2016 RMB
Fee for audit services (including Hong Kong Standard on Review Engagements 2410 review on interim results)	8,500,000	7,000,000
Fee for other reporting accountant services	7,300,000	–
Fee for non-audit services:		
– Due diligence works with regard to project acquisitions	2,960,000	2,098,000
– Permitted service fees relating to corporate governance, issuance of corporate bonds and senior notes and others	3,211,000	3,470,000
	21,971,000	12,568,000

Risk Management Committee

The risk management committee has been established since August 2016 and currently comprises 3 executive Directors and an INED. The members of the risk management committee include Huang Fengchao (as Chairperson), Chan Cheuk Hung, Chen Zhongqi and Wong Shiu Hoi, Peter.

The major duties of the risk management committee are to consider and formulate risk management framework, to review and assess the effectiveness of the Group's risk management framework, to monitor the implementation of risk control and ensure it is effectively implemented.

Responsibility in financial statements

Directors have acknowledged their responsibilities for preparing the accounts in this annual report, and PricewaterhouseCoopers, the external auditor of the Company has also stated their reporting responsibility in the auditor's report of financial statements.

The Board is not aware of any uncertainty of a material nature that would affect the Company's ability as to continue as a going concern.

Risk Management and Internal Control

The Group considers that the effective risk management is of high importance for the Group to achieve sustainable development and long-term business success.

Responsibilities of the Board and the management

The Board recognises its responsibilities to evaluate and determine the nature and level of risks to be exposed of for achieving the Group's strategic objectives, and to ensure that the Group establishes and maintains effective risk management and internal control systems, and oversee management in the design, implementation and monitoring of the risk management and internal control systems.

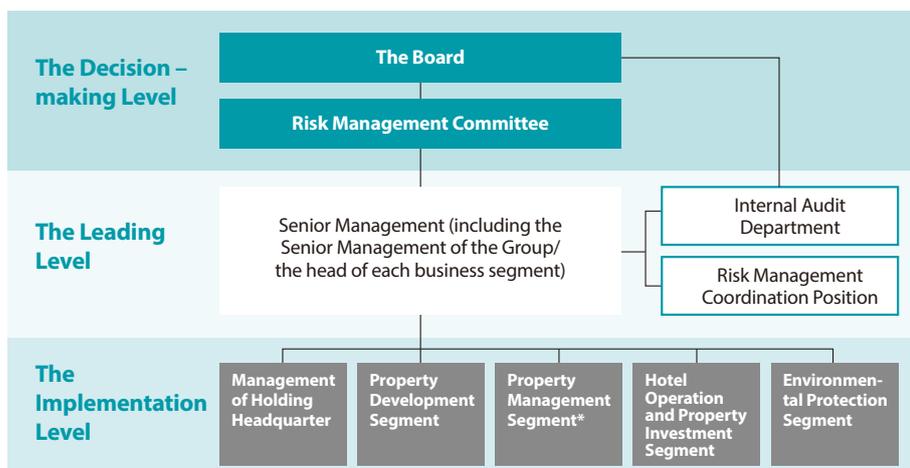
The management is responsible for designing, implementing and monitoring the risk management system and the internal control system, and provides the recognition of the effectiveness of risk management and internal control.

Risk Management

The design, implementation and maintenance of the risk management system

- 1) **Establishing the risk management committee:** The Board has established the risk management committee to oversee the design, implementation and maintenance of the risk management system of the Group and has issued the “Term of Reference for the Risk Management Committee”:
 - Authorizing the risk management committee and define its duties: the risk management committee’s duties regarding risk management and its authorisation have been recognised in the “Term of Reference for the Risk Management Committee”;
 - Determining the organisation of the risk management committee: providing the composition and quorum, requirements of the attendance at meetings, frequency of meetings and the manner of meetings; and
 - Determining the procedure of reporting to the Board: providing the procedure of reporting to the Board by the risk management committee, including the minutes mechanism.

- 2) **Establishing the structure of the risk management organisation:** It has built up the official risk management organisation structure from the level of the Group to its four business segments (see figure 1 below: risk management organisation chart), and confirmed the direct management obligation and the risk information reporting procedure and frequency of risk management, and clarified the responsibilities of risk management positions, including integrating the requirement of risk management into the function and description of each position. The main features of the risk management organisation structure comprised:
 - Clear levels and responsibilities: the levels of risk management organisation included the Board and the risk management committee at the decision-making level, with the composition of leading level and implementation level and carrying out the division of the duties of risk management. It has confirmed the direct management obligation and the risk information reporting procedure of risk management;
 - The wide span of level: the structure of risk management organisation is from the senior management of the Group to its managements of each business segment; and
 - Specific communication mechanism: it has confirmed that the managements of each level communicate with each other with regard to the responsibilities, reporting routine and reporting frequency of the risk management.



(Figure 1: risk management organisation chart)

* This business was operated by A-Living Services Co., Ltd. (stock code: 3319), which is a subsidiary with 54% equity interest indirectly held by the Company.

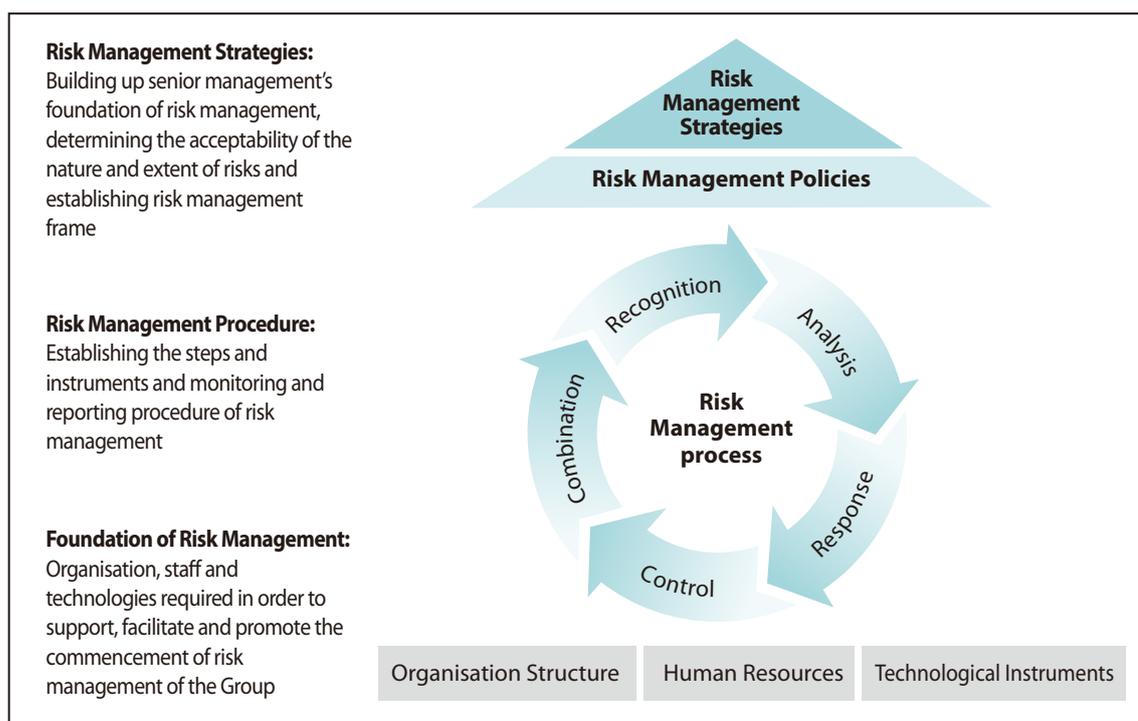
The roles have been played by each level in the risk management structure as shown below.

The Roles in the Risk Management Structure	Major Responsibilities
The Board (decision-making level)	<ul style="list-style-type: none"> • To evaluate and determine the acceptability of the nature and extent of the risks in achieving the strategic objectives • To ensure that the effective risk management and internal control systems are established and maintained • To oversee senior management in the design, implementation and monitoring of the risk management and internal control systems
Risk management committee (decision-making level)	<ul style="list-style-type: none"> • To review and formulate the framework of risk management • To review and assess the effectiveness of the framework of the Group's risk management on a regular basis • To coordinate and assist the senior management to promote risk management work • To oversee each business segment for setting up and implement risk response programme and risk treatment measures • To report any material risk management matters and recommend solutions to the Board • To monitor the frequency of major control failures or weak points, resulting in the extent of unforeseen consequences or emergencies which have caused, may have caused or will cause material impact on the financial performance or condition of the Company.
The senior management of the Group and the head of each business segments (leading level)	<ul style="list-style-type: none"> • To make risk assessment from the Group's holistic perspective and each business segment, in order to formulate risk management measures • To design, implement and monitor the risk management and internal control systems • To confirm the effectiveness of risk management and internal control systems to the Board
The Group and its management of the business segments (implementation level)	<ul style="list-style-type: none"> • To formulate and implement the relevant risk response programme of their business segment • To promote and implement specific risk management measures • To control different risks of their business and adjust risk management measures in time
Risk management coordination position	<ul style="list-style-type: none"> • To coordinate the commencement of risk recognition and assessment • To prepare periodic risk assessment report and propose the risk management leading level • To organise and coordinate risk management training and guidance
Internal Audit Department	<ul style="list-style-type: none"> • To be responsible for overseeing and evaluating risk management works done by the Group and its business segments for the risk management monitoring organisation

Corporate Governance Report (Continued)

3) **Establishing the risk management system structure:** comprising the following main elements and features:

- Comprehensive framework of risk management: the mode of risk management framework has been established as the risk management system foundation (see figure 2 below for details: the mode of risk management) including the main elements such as risk management strategies, risk management process and risk management basic structure;
- Clear risk management procedure: the risk management procedure includes the procedure such as recognition, analysis, response, control and combining and reporting, which form a closed loop to control and manage the risks continuously; and
- Appropriate standard of risk assessment for the Group: under the industry nature and operation features, strategic objectives of the Group as well as the risk preference of senior management, it sets up the applicable dimension and standard of risk assessment to each business segment. By using assessment method and assessment standard from mutual confirmation, it makes assessment to the risks which are most likely to affect the achievement of corporate objectives in order to obtain the risk assessment result which is actually fitted with corporation.



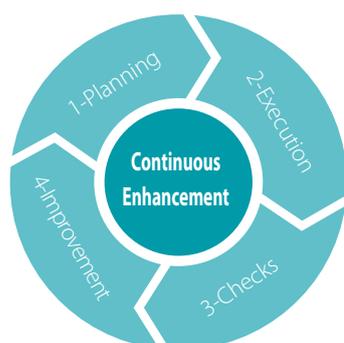
(Figure 2: The model of risk management)

Through the above efforts, the Group has clarified direct management obligation and risk information reporting procedure and frequency of risk management, and established an official risk management framework which recognises, analyses, evaluates and determines procedure of corporate risks to integrate with and control risks systematically.

The Commencement of Risk Assessment for each Business Segment of the Group in 2017

Based on risk management system of the Group as mentioned above, the senior management, with the assistance from external advisory bodies, sustained its intensive risk management works in the following four business segments in 2017: (1) property development; (2) property management; (3) hotel operation and property investment; and (4) environmental protection service.

- **Continuing to put into practice the risk assessment results of all business segments from 2016**



To enhance the application of the Group's risk management results, the senior management has worked out a closed loop for risk management works, namely to identify major risks (planning), to respond to such risks (execution), to check the outcome of such respond (checks), and propose optimisation plans (improvement) in order to improve the risk management and response capabilities of the Company on a continuous basis.

In the year 2017, risk management measures were prepared, facilitated and implemented with respect to the major risks identified in all business segments in 2016. Implementation body monitored various risks of the respective business constantly, and confirmed with senior management on the outcome of such risk mitigation measures.

- **Developing an alert indicator system for the ten major risks of all business segments**

To strengthen the monitoring of major risks, the head of respective business segments set up quantitative or qualitative monitoring indicators for ten major risks with clear thresholds and reporting mechanisms. The operation of a risk alert indicator system provides the management with reminders of the business areas where risks alerts are sounded, so that analysis can be taken place with risk mitigation measures taken in a timely fashion to reduce the impact of such risks and to implement control and respond to major risks with smart technology.

- **Updating the assessment on the ten major risks in all business segments in 2017**

The head of respective segments followed and updated the risk assessment criteria in 2016; adopted systematic assessment to review the change of the nature and the extent of major risks faced by each segment; identified major risks faced by each business segment; sorted out the current status of risk management and control, the measures of next step and key risk management plans considered. Also, the assessment results were reported to the risk management committee.

The risk management committee, on behalf of the Board, reviews and assesses the changes of nature and extent of major risks and finished the review of risk management system and considered the systems are effective and sufficient. Management will report major risks control situation formally to the risk management committee on a half-yearly basis.

Corporate Governance Report (Continued)

The internal control

The Board is responsible for formulating proper internal control system for the Group to safeguard the assets of the Group and the interests of shareholders. The audit committee shall conduct regular review on the effectiveness of the internal control system to ensure that the system is adequate.

The internal audit department of the Group is accountable and reports directly to the audit committee. It is responsible for constantly monitoring the work flow and risk assessment of each department of the Group, to assist the Board and senior management of the Group in complying with the regulatory requirements and guidelines, so as to improve the efficiency of internal control system. Through continuous internal audit and reporting from time to time, the internal audit department shall ensure the effective operation of the internal control system.

During the year, the audit committee reviewed the effectiveness of internal control system in respect of finance, operation, compliance and business matters and reported the result to the Board. Should any material fault or any material weakness in monitoring is found, the internal audit department will report the same to the audit committee in timely manner.

The Group shall review the effectiveness of the internal control system at least twice every year to ensure the effectiveness and adequacy of the system.

The review and summary of the effectiveness of the risk management and internal control systems

The Board has continued to oversee the management in the design, implementation and monitoring of the risk management and internal control systems, and conducted a comprehensive review of the risk management and internal control systems of the Company during the year, and continuously oversee major risks and regularly review the implementation of management and control measures covering the period of 2017 and considered that the systems are effective and sufficient.

In order to standardise information management works, the Board has formulated an information management system (the "System"). The System includes procedures and internal controls for the handling and dissemination of inside information. The System provides including but not limited to the procedures of the obligation and execution of the management and publication of inside information, confidentiality arrangement, collection and evaluation of information and the manner of publication to ensure timely reporting of inside information to the Board and communication with the Group's stakeholders.

Review of Accounting, Financial Reporting and Internal Audit Functions

The audit committee reviewed and was satisfied with the adequacy of the resources, staff qualifications and experience, training programmes and budget of the Group's accounting, financial reporting and internal audit functions.

Company Secretary

The Company Secretary is a full-time employee of the Company and familiar with the day-to-day affairs of the Company. The Company Secretary reports to the Chairman and is responsible for advising the Board on governance matters, new director's induction and professional development of Directors as well as ensuring good information flow between the Board members and the compliance of the policy and procedure of the Board. Lam Ping Yuk, the Company Secretary of the Company, has confirmed that he has received relevant professional trainings of no less than 15 hours to update his skills and knowledge.

Relation between the Company and Shareholders

Shareholders' rights

Pursuant to Article 58 of the Articles, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board. The requisition must specify the objects of the meeting, be signed by the requisitionist(s), and be deposited to the registered office and principal place of business in Hong Kong of the Company.

If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Shareholder(s) who wishes to propose a person (other than himself/herself) for election as a Director at the general meeting of the Company, should (i) deposit a written notice at the Company's principal place of business in Hong Kong for the attention of the Company Secretary; (ii) the notice must state the full name of the candidate, his/her biographical details as required by Rule 13.51(2) of the Listing Rules and be signed by the proposer; and (iii) a written consent signed by the candidate indicating his/her willingness to be elected as Director. The period for lodgment of the notice will commence no earlier than the day after the dispatch of the notice of general meeting and not later than 7 days prior to the date of general meeting. The relevant detailed procedures have been published on Agile's website (www.agile.com.cn).

Shareholders and the investors may make a request for the public information of the Company at any time. Such request shall be in writing and delivered by post to Capital Markets and Corporate Affairs Department of the Company at 18/F., Three Pacific Place, 1 Queen's Road East, Hong Kong.

Communication with Shareholders

Both the Board and the management fully understand the importance of building up of a good communication with the Shareholders in order to assist the Shareholders and investors to have a better knowledge and understanding of the businesses of the Group. Therefore, the Company has been reporting the performance and latest development of the Group to Shareholders through various channels and platforms, as follows:

- Apart from publishing the annual reports, interim reports, announcements, and circulars to Shareholders on the Company's website (www.agile.com.cn) and Hong Kong Stock Exchange's website (www.hkex.com.hk), the Company has also posted onto its website the financial highlights, press release, and the terms of reference of the Board's committees, so that Shareholders can obtain more corporate information from the Company's website. Moreover, in order to enable Shareholders to have a better understanding of the latest movement and development of the Group, company news has also been released in the Company's website;
- The Company is committed to improve its relation with investors. During the year, senior management of the Company had conducted various meetings with institutional investors, fund managers and financial analysts. The report of meetings are presented to the Board for review in each regular Board meeting to ensure that views and recommendations of investors, fund managers and financial analysts can be reached to the Board;

Corporate Governance Report (Continued)

- Members of the Board actively take part in the annual general meetings in order to have more contacts with the Shareholders. The Chairman of the Board, the then chairpersons of each of the audit committee, remuneration committee, nomination committee and risk management committee, INEDs of Hui Chiu Chung, Stephen and Wong Shiu Hoi, Peter, annual retained legal advisor and the representative of external auditor had attended 2017 AGM. In the general meeting, there is a briefing on the business of the Company by the Chairman of the Board and a question and answer session as well as a discussion with Shareholders on the long-term development strategy of the Company. After the general meeting, poll results are posted on Agile's website (www.agile.com.cn), Hong Kong Stock Exchange website (www.hkex.com.hk) and SGX's website (www.sgx.com); and
- The Company's notice of 2017 AGM had been dispatched to Shareholders in no less than 20 clear business days before the commencing date of the meeting. The circular of the Company dated 30 March 2017 set out that all resolutions proposed at the general meeting had been taken by way of poll pursuant to Rules 13.39(4) of the Listing Rules while the chairman of the meeting further announced that all resolutions had been taken by way of one vote per share. The Company Secretary had explained in detail, the relevant procedures of voting by poll to the attending Shareholders and made known by the Shareholders. For all other general meetings, at least 10 clear business days notice will be given.

Compliance with Model Code for Securities Transactions by Directors and Relevant Employees

The Company has adopted Securities Dealing Code for Directors, which is on terms no less exacting than the required standard as set out in the Model Code. Having made specific enquiries, all Directors confirmed that they have complied with the standard set out in the Model Code during the year under review.

The Company has also adopted a securities transactions code by employees of the Group which is on no less exacting terms than the Model Code.

Amendment of the Company's Constitutional Documents

There have been no changes made to the Company's constitutional documents during the year ended 31 December 2017.

Report of the Directors

The Board is pleased to present their report for the year ended 31 December 2017.

Principal Activities

The principal businesses of the Company is investment holding. Its major subsidiaries, joint ventures and associated companies are principally engaged in the businesses of property development, property management, hotel operations, property investment and environmental protection. An analysis of the Group's performance for the year by principal business segments is set out in note 5 to the consolidated financial statements.

Results and Overall Performance

The Group's results for the year ended 31 December 2017 are set out on pages 110 to 111 of this annual report.

Business Review

Business review for the year and future business development of the Group as well as the major risks and uncertainties of the Group are set out in "Management Discussion and Analysis" on pages 13 to 19 and the "Chairman's Statement" on pages 8 to 12 of this annual report. Analysis of the performance of the Group for the year based on key financial indicators is set out in "Five-Year Financial Summary" on pages 204 to 205 of this annual report. The Group has no significant events since the financial year under review.

The Group believes that sustainable development is crucial to the development of a corporate and actively implements the concept of sustainable development at every level of the operation so as to create a better future for the community and the Group. The Company will issue separately an Environmental, Social and Governance Report under Environmental, Social and Governance Reporting Guide as specified in Appendix 27 of the Listing Rules.

The Group is mainly engaged in the property development in China. As a property developer in China, the Group is required to comply with various national and local laws and regulations on environmental protection, including laws and regulations of air pollution, sound pollution, waste and sewage. The Group has complied with the laws and regulations which are significant to the operation of the Group.

The Group is of the view that our employees, customers and business partners are important to our sustainable development. The Group is committed to maintaining close relationship with our employees, providing quality services to customers and strengthening the cooperation with our business partners.

Dividends

During the year, the Company declared and paid an interim dividend of HK22.0 cents per Shares (2016: Nil) and paid a special dividend of HK25.0 cents per Shares to the Shareholders. The Board has proposed the payment of a final dividend of HK68.0 cents (2016: HK20.0 cents) per Share to the Shareholders. Subject to the approval by the Shareholders at the 2018 AGM, the proposed final dividend is expected to be paid on Friday, 1 June 2018 to Shareholders whose names appear on the register of members of the Company on Thursday, 24 May 2018.

Report of the Directors (Continued)

Closure of Register of Members

To facilitate the processing of proxy voting for 2018 AGM to be held on Monday, 14 May 2018, the register of members of the Company will be closed from Wednesday, 9 May 2018 to Monday, 14 May 2018, both dates inclusive, during which no transfer of Shares will be registered. In order to be entitled to attend and vote at 2018 AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited for registration not later than 4:30 p.m. on Tuesday, 8 May 2018.

The register of members of the Company will be closed from Monday, 21 May 2018 to Thursday, 24 May 2018, both dates inclusive, during which no transfer of Shares will be registered. In order to qualify for entitlement to the final dividend, all properly completed transfer forms, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited for registration not later than 4:30 p.m. on Friday, 18 May 2018.

Share Capital

Details of the movement in the share capital of the Company during the year are set out in note 23 to the consolidated financial statements.

Reserves

Details of movement in the reserves of the Group during the year are set out in note 25 to the consolidated financial statements.

As at 31 December 2017, the distributable reserves of the Company were approximately RMB5.5 billion (2016: RMB4.8 billion).

Senior Notes

Details of senior notes of the Company are set out in note 27 to the consolidated financial statements.

Subordinated Perpetual Capital Securities

Details of subordinated perpetual capital securities of the Company are set out in note 26 to the consolidated financial statements.

Senior Perpetual Capital Securities

Details of senior perpetual capital securities of the Company are set out in note 49 to the consolidated financial statements.

Property, Plant and Equipment

Details of movement in property, plant and equipment of the Group during the year are set out in note 6 to the consolidated financial statements.

Intangible Assets

Details of movement in intangible assets of the Group during the year are set out in note 8 to the consolidated financial statements.

Investment Properties

During the year, the fair value gains of the Group's investment properties amounted to RMB4 million and have been recognised directly in the consolidated financial statements.

Details of movement in investment properties of the Group during the year are set out in note 9 to the consolidated financial statements.

Borrowings

Details of the Group's borrowings are set out in note 27 to the consolidated financial statements.

Interest Capitalised

Interest and other borrowing costs capitalised of the Group during the year are set out in note 35 to the consolidated financial statements.

Donations

The Group's charitable and other donations during the year amounted to RMB169 million (2016: RMB81 million).

Retirement Benefit Scheme

Details of retirement benefit scheme of the Group are set out in note 34 to the consolidated financial statements.

Group Financial Summary

A financial summary of the Group for the past five financial years is set out on pages 204 to 205 of this annual report.

Directors

The Directors as at the date of this report are listed on page 206 of this annual report. Except Cheung Wing Yui, Edward who resigned as an INED on 13 February 2018 due to his business commitments which require more of his dedications, all Directors served throughout 2017.

Report of the Directors (Continued)

Independence confirmation

The Company has received the confirmation from all INEDs listed on page 206 of this annual report regarding their independence pursuant to Rule 3.13 of the Listing Rules and considers all of them to be independent.

Term of appointment

Article 87 of the Articles provides that one-third of Directors for the time being shall retire from office by rotation at the annual general meeting. In accordance therewith, Chen Zhuo Lin, Luk Sin Fong, Fion, Chan Cheuk Nam and Cheng Hon Kwan will retire as Directors at the 2018 AGM and, being eligible, offer themselves for re-election.

Each of the executive Directors, NEDs and INEDs has entered into a service agreement / an appointment letter with the Company for a term of three years subject to retirement by rotation pursuant to Article 87 of the Articles. None of the Director has a service agreement / an appointment letter with the Company which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

Share Award Scheme

The Company has adopted the Share Award Scheme on 10 December 2013, to recognise the contributions by certain employees. Subject to any early termination as may be determined by the Board, the Share Award Scheme shall be valid and effective for a term of 10 years commencing on the adoption date. The maximum number of Shares which may be awarded to a selected employee under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time, the Board shall not make any further award of awarded shares which will result in the nominal value of the Shares awarded under the Share Award Scheme exceeding 10% of the issued share capital of the Company from time to time.

The Company issued and allotted a total of 34,470,000 awarded shares to Employee Share Trustee as trustee on 10 February 2014 to hold on trust for such employee(s) selected by the Board ("Selected Employees") in accordance with the trust deed and rules of the scheme. These awarded shares will be transferred to such Selected Employees upon their satisfaction of relevant vesting conditions specified by the Board at the time of the grant. 32,750,000 out of 34,470,000 awarded shares ("Awarded Shares") were granted to certain Selected Employees. Following the confirmation that relevant vesting conditions have not been satisfied, the first and the second 30% Awarded Shares have lapsed effective from 26 August 2015 and 23 August 2016, and the remaining 40% of the Awarded Shares have lapsed effective from 28 August 2017.

Model Code for Securities Transactions by Directors

The Company has adopted the Securities Dealing Code for Directors, which is on terms no less exacting than the required standard as set out in the Model Code. After enquiry, each of the Directors has confirmed to the Company that he or she had fully complied with the Securities Dealing Code for Directors during the year ended 31 December 2017.

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 December 2017, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of SFO) which (i) were notified to the Company and Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests or short positions which they were taken or deemed to have under such provisions of SFO); or (ii) were recorded in the register required to be kept by the Company under Section 352 of SFO; or (iii) were required by Securities Dealing Code for Directors to be notified to the Company and Hong Kong Stock Exchange, were as follows:

(1) Long positions in Shares of the Company

Name of Director	Shares held in the Company			Total number of Shares	Approximate percentage to issued share capital
	Capacity of interests held	Number of Shares	Note		
Chen Zhuo Lin	Beneficiary of a trust	2,453,096,250	1	2,493,536,500	63.66%
	Controlled corporation	14,276,250	2		
	Controlled corporation	26,164,000	3		
Chan Cheuk Yin	Beneficiary of a trust	2,453,096,250	1	2,468,783,750	63.03%
	Controlled corporation	15,687,500	4		
Luk Sin Fong, Fion	Beneficiary of a trust	2,453,096,250	1	2,493,536,500	63.66%
	Controlled corporation	14,276,250	2		
	Spouse	26,164,000	3		
Chan Cheuk Hung	Beneficiary of a trust	2,453,096,250	1	2,453,096,250	62.63%
Chan Cheuk Hei	Beneficiary of a trust	2,453,096,250	1	2,460,971,250	62.83%
	Beneficial owner	7,875,000	5		
Chan Cheuk Nam	Beneficiary of a trust	2,453,096,250	1	2,459,877,750	62.80%
	Beneficial owner	6,781,500	6		
Huang Fengchao	Beneficial owner	1,400,000		1,400,000	0.04%

Notes:

- Held by Full Choice as trustee through Top Coast.
- Held by Brilliant Hero Capital Limited and Famous Tone Investments Limited, which are jointly controlled by Chen Zhuo Lin and Luk Sin Fong, Fion.
- Held by Dragon Treasure Global Limited, Star Noble Global Limited and Supreme Elite Holdings Limited, which are wholly-owned by Chen Zhuo Lin.
- Held by Renowned Idea Investments Limited, which is wholly-owned by Chan Cheuk Yin.
- Jointly held by Chan Cheuk Hei and his spouse Lu Yanping.
- Jointly held by Chan Cheuk Nam and his spouse Chan Siu Na.

Report of the Directors (Continued)

(2) Long positions in the debentures of the Company

Name of Director	Type	Personal interests	Approximate percentage to the debentures
Kwong Che Keung, Gordon	9% senior notes in an aggregate principal amount of US\$500 million due by 2020	US\$500,000	0.1%

(3) Long positions in the shares of associated corporation of the Company

As at 31 December 2017, Chen Zhuo Lin and Chan Cheuk Yin, as Directors of the Company, were deemed to be interested in 2 ordinary shares, representing 100% of the then issued voting shares, in Top Coast, a company wholly-owned by Full Choice which in turn owned as to 50% by Chen Zhuo Lin and Chan Cheuk Yin respectively.

Save as disclosed above, as at 31 December 2017, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of SFO) which (i) were notified to the Company and Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests or short positions which they were taken or deemed to have under such provisions of SFO); or (ii) were recorded in the register required to be kept by the Company under Section 352 of SFO; or (iii) were required by Securities Dealing Code for Directors to be notified to the Company and Hong Kong Stock Exchange.

Substantial Shareholders' Interests and Short Positions

To the best knowledge of the Directors or chief executive of the Company, as at 31 December 2017, the interests or short positions of substantial Shareholders (other than Directors or the chief executive of the Company) in the Shares or underlying Shares which (i) have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of SFO or (ii) were recorded in the register required to be kept by the Company under Section 336 of SFO were as follows:

Long positions in Shares of the Company

Name of Shareholder	Capacity of interests held	Shares held in the Company			Approximate percentage to issued share capital
		Number of Shares	Note	Total number of Shares	
Full Choice	Trustee	2,453,096,250	1	2,453,096,250	62.63%
Top Coast	Beneficial owner	2,453,096,250	1	2,453,096,250	62.63%
Zheng Huiqiong	Spouse	2,468,783,750	2	2,468,783,750	63.03%
Lu Liqing	Spouse	2,453,096,250	3	2,453,096,250	62.63%
Lu Yanping	Beneficial owner	7,875,000	4	2,460,971,250	62.83%
	Spouse	2,453,096,250	5		
Chan Siu Na	Beneficial owner	6,781,500	6	2,459,877,750	62.80%
	Spouse	2,453,096,250	7		

Notes:

1. Full Choice holds, through Top Coast, the Shares as the trustee of the Chen's Family Trust. Beneficiaries of which are Chen Zhuo Lin, Chan Cheuk Yin, Luk Sin Fong, Fion, Chan Cheuk Hung, Chan Cheuk Hei and Chan Cheuk Nam.
2. By virtue of the SFO, Zheng Huiqiong is deemed to be interested in the Shares held by her spouse, Chan Cheuk Yin.
3. By virtue of the SFO, Lu Liqing is deemed to be interested in the Shares held by her spouse, Chan Cheuk Hung.
4. Jointly held by Lu Yanping and her spouse, Chan Cheuk Hei.
5. By virtue of the SFO, Lu Yanping is deemed to be interested in the Shares held by her spouse, Chan Cheuk Hei.
6. Jointly held by Chan Siu Na and her spouse, Chan Cheuk Nam.
7. By virtue of the SFO, Chan Siu Na is deemed to be interested in the Shares held by her spouse, Chan Cheuk Nam.

Save as disclosed above, as at 31 December 2017, none of the substantial Shareholders (other than Directors or chief executives of the Company) had informed the Company that they had any interests or short positions which (i) shall be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of SFO or (ii) shall be recorded in the register required to be kept by the Company under Section 336 of SFO.

Interests of any other persons

Save as disclosed in the foregoing, as at 31 December 2017, none of any other persons had informed the Company that they had any interests and short positions in the Shares which (i) shall be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of SFO or (ii) shall be recorded in the register required to be kept by the Company under Section 336 of SFO.

Remuneration Policy of the Group

As at 31 December 2017, the Group had a total of 17,602 employees. The related employees' costs for the year amounted to approximately RMB2,233 million. The remuneration package of the Group is determined with reference to the market levels, individual performance and contributions. Bonuses are also distributed based on the performance of employees. The Group also provides a comprehensive benefit package and career development opportunities, including retirement schemes, medical benefits, and both internal and external training appropriate to the employees' needs.

Basis for Determining Emoluments to Directors

Apart from taking into account the advice from the remuneration committee of the Board and the market levels, the Company also considers the competency, contributions and the responsibilities towards the Company in determining the level of remuneration for each Director. Appropriate benefit schemes are in place for the Directors.

Directors' Interests in Competing Business

During the year and up to the date of this annual report, Chen Zhuo Lin, Chan Cheuk Yin, Luk Sin Fong, Fion, Chan Cheuk Hung, Chan Cheuk Hei and Chan Cheuk Nam are having interests in Changjiang Hotel Company. Changjiang Hotel Company is principally engaged in hotel business under Zhongshan Agile Changjiang Hotel in Zhongshan, the PRC which business competes or is likely to compete, either directly or indirectly, with the business of the Group.

In accordance with the Articles and Statement of Policy for Corporate Governance, Directors shall abstain from voting on any resolution of Directors in respect of any contract, arrangement or proposal in which he or she or any of his or her associates has material interests.

Report of the Directors (Continued)

As the Board is independent from the board of directors of Changjiang Hotel Company and the above Directors are unable to control the Board, the Directors are of the view that the Group is able to operate its hotel business fairly and independent of Changjiang Hotel Company.

Directors' Material Interests in Transactions, Arrangements or Contracts

As at the end of or any time during the year, no contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party, and in which a Director and/or his or her related entities had a material interest in the transactions, arrangements or contracts, whether directly or indirectly.

Changes of information of Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors subsequent to the date of the interim report of 2017 of the Company are set out below:

- Chen Zhuo Lin was appointed as the executive chairperson of the 4th Guangdong Chamber of Real Estate;
- Chan Cheuk Hung was appointed as a non-executive director and the co-chairman of the board of A-Living in July 2017 and August 2017 respectively, and a member of the risk management committee of A-Living on 9 February 2018; and
- Huang Fengchao was appointed as an executive director and the co-chairman of the board of A-Living in July 2017, and the chairperson of the risk management committee and a member of the remuneration and appraisal committee and nomination committee of A-Living on 9 February 2018.

Major Customers and Suppliers

During the year, sales to the largest customer of the Group accounted for approximately 0.2% of sales of the Group for the year and sales to the five largest customers of the Group accounted for less than 30% of sales of the Group for the year.

During the year, purchases from the largest supplier of the Group accounted for 7.9% of purchases of the Group for the year and purchases from the five largest suppliers of the Group accounted for less than 30% of purchases of the Group for the year.

None of the Directors, their respective associates nor any Shareholders (who are interested in more than 5% of the issued Shares to the knowledge of the Directors) had any interests in any of the five largest customers or suppliers of the Group.

Connected Transactions

During the year, the Group did not have any connected transactions which is discloseable pursuant to Chapter 14A of the Listing Rules.

Management Contracts

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

Permitted Indemnity Provision

According to the Articles, every Director is entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto. The Company has arranged appropriate insurance covering the potential legal actions against its Directors and Senior Management in connection with the discharge of their responsibilities.

Purchase, Sale or Redemption of Listed Securities

On 28 February 2017, the Company redeemed an aggregate principal amount of RMB2,000 million, representing all its outstanding 6.50% senior notes due 2017 at the redemption price equal to 100% of the principal amount plus accrued and unpaid interest.

On 20 March 2017, the Company redeemed an aggregate principal amount of USD700 million, representing all its outstanding 9.875% senior notes due 2017 at the redemption price equal to 100% of the principal amount plus accrued and unpaid interest.

On 14 September 2017, the Company redeemed an aggregate principal amount of USD500 million, representing all its outstanding 8.375% senior notes due 2019 at the redemption price equal to 104.18750% of the principal amount plus accrued and unpaid interest.

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

Specific Performance by the Controlling Shareholders

1. As disclosed in the Company's announcement dated 26 May 2016, the Company as borrower and certain of its subsidiaries as guarantors with HSBC, SCB, HSB, BEA, Industrial Bank Co., Ltd., Hong Kong Branch, China CITIC Bank International Limited, BNP Paribas, acting through its Hong Kong branch and China Guangfa Bank Co., Ltd., Macau Branch as arrangers and original lenders and HSB as facility agent and security agent entered into a facility agreement ("2016 Syndicated Loans"). Pursuant to which a term loan facility in the amount of HK\$6,707 million with a greenshoe option of HK\$2,000 million has been granted to the Company for a term of 36 months.
2. As disclosed in the Company's announcement dated 23 June 2016, the Company as borrower with Chong Hing Bank Limited as lender entered into a facility letter ("Chong Hing Facility"). Pursuant to which a term loan facility in the amount of HK\$780 million has been granted to the Company for a period of 36 months.
3. As disclosed in the Company's announcement dated 2 June 2017, the Company as borrower and certain of its subsidiaries as guarantors with SCB as original lender, facility agent and security agent entered into a facility agreement ("2017 SCB Loans"). Pursuant to which a term loan facility in the amount of HK\$624 million has been granted to the Company for a term of 36 months.
4. As disclosed in the Company's announcement dated 17 July 2017, the Company as borrower and certain of its subsidiaries as guarantors with SCB as original lender, mandated lead arranger and bookrunner, and facility agent and security agent entered into a facility agreement ("2017 Syndicated Loans"). Pursuant to which a term loan facility in the amount of HK\$3,519 million has been granted to the Company for a term of 36 months.
5. As disclosed in the Company's announcement dated 14 November 2017, the Company as borrower and certain of its subsidiaries as guarantors entered into a facility agreement with certain financial institutions ("2017 Bilateral Facility I"). Pursuant to which a term loan facility of HK\$1,170 million has been granted to the Company for a term of 36 months.
6. As disclosed in the Company's announcement dated 24 November 2017, the Company as borrower and certain of its subsidiaries as guarantors entered into a facility agreement with a bank ("2017 Bilateral Facility II"). Pursuant to which a term loan facility of HK\$300 million has been granted to the Company for a term of 36 months.
7. As disclosed in the Company's announcement dated 19 December 2017, the Company as borrower and certain of its subsidiaries as guarantors entered into a facility agreement with a bank ("2017 Bilateral Facility III"). Pursuant to which a term loan facility of HK\$400 million has been granted to the Company for a term of 36 months.

Report of the Directors (Continued)

In connection with the aforesaid facilities, if (i) Chen Zhuo Lin, Chan Cheuk Yin, Luk Sin Fong, Fion, Chan Cheuk Hung, Chan Cheuk Hei and Chan Cheuk Nam (hereinafter collectively the “Controlling Shareholders”) collectively, directly or indirectly, do not own more than 50% of the total issued share capital of the Company; and/or (ii) the Controlling Shareholders together do not or cease to be entitled to exercise management control of the Company; and/or (iii) Chen Zhuo Lin is not or ceases to be the chairperson of the Board will cause the event of default. In case of an occurrence of an event of default, if directed by the facility agent (only for 2016 Syndicated Loans, 2017 SCB Loans, 2017 Syndicated Loans and 2017 Bilateral Facility I)/the lender (only for Chong Hing Facility, 2017 Bilateral Facility II and 2017 Bilateral Facility III) may by notice to the Company (a) cancel the commitments; (b) declare that all or part of the loans, together with accrued interest, and all other amounts accrued or outstanding under the finance documents be immediately due and payable; (c) declare that all or part of the loans be payable on demand; and/or (d) exercise or direct the security agent (only for 2016 Syndicated Loans, 2017 SCB Loans, 2017 Syndicated Loans and 2017 Bilateral Facility I) to exercise all or any of its rights, remedies, powers or discretions under the finance documents (subject to the terms of the intercreditor agreement).

Pre-Emptive Rights

No provision has been made both in the memorandum of association of the Company and the Articles and under the laws of Cayman Islands in respect of pre-emptive rights, as such, the Company shall offer pro rata new Shares (if any) to the existing Shareholders.

Equity Linked Agreement

During the year, the Company did not enter into any equity linked agreement except those under and “Share Award Scheme” and the disclosure in note 24 to the consolidated financial statements.

Corporate Governance

The Company complied with all the provisions set out in the CG Code throughout the year except for certain deviations, details of which are set out in the Corporate Governance Report of this annual report.

Sustainable Development

The Group believes that promoting sustainability is as important as achieving long-term business growth. It has therefore made continuous efforts to maintain a high degree of sustainability in its operations. Moreover, it values opportunities to learn more about the needs and expectations of the communities in which it operates, as well as those of other stakeholders. The Group is committed to strengthening its management’s efforts to promote sustainability through good corporate governance, environmental protection, community investment and workplace practices.

To demonstrate its commitment to transparency and accountability to its stakeholders, the Company will issue separately an Environmental, Social and Governance Report under Environmental, Social and Governance Reporting Guide as specified in Appendix 27 of the Listing Rules. The report will present the Company’s commitment to sustainable development during the year under review, and it will cover the significant economic, environmental and social achievements and impact arising from the activities of the Group and its joint ventures.

Public Float

From information that is publicly available to the Company and within the knowledge of its Directors for the year ended 31 December 2017 and as at the date of this annual report, at least 25% of the Company’s total issued share capital is being held by the public.

Audit Committee

The audit committee of the Company had reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2017, and reviewed with the management of the Group regarding the accounting principles and practices adopted by the Group, and discussed with them the internal controls and financial reporting matters.

Auditors

The consolidated financial statements of the Group for the year ended 31 December 2017 have been audited by PricewaterhouseCoopers, the auditor of the Company, which will retire and, being eligible, offer itself for re-appointment at the 2018 AGM. A resolution to re-appoint the auditor and to authorise the Directors to fix their remuneration will be proposed at the 2018 AGM.

On behalf of the Board

Chen Zhuo Lin

Chairman and President

Hong Kong, 21 March 2018

Financial Section





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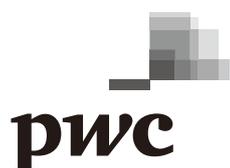
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Independent Auditor's Report



羅兵咸永道

To the Shareholders of Agile Group Holdings Limited (formerly known as "Agile Property Holdings Limited")

(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of Agile Group Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 108 to 203, which comprise:

- the consolidated balance sheet as at 31 December 2017;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

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

Basis for Opinion

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

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

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

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.

The key audit matter identified in our audit and our audit procedures performed to address this key audit matter are set out as below:

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Estimates for provision of properties under development and completed properties held for sale</p> <p>Refer to notes 4, 17 and 18 to the consolidated financial statements.</p> <p>Properties under development and completed properties held for sale amounted to approximately RMB74,732,444,000 as at 31 December 2017, accounting for approximately 45.75% of the Group's total assets. Properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. The net realisable values were assessed taking into account of costs to completion of properties under development, variable selling expenses based on past experience and selling price based on prevailing market conditions.</p> <p>Based on management's assessment, a provision of RMB103,571,000 for properties under development and a provision of RMB349,126,000 was made for completed properties held for sale as at 31 December 2017.</p> <p>We focused on this area because of the significant estimates and judgements involved in determining the selling prices, variable selling expenses and costs to completion.</p>	<p>We have performed the following procedures to address this key audit matter:</p> <p>(i) We understood, evaluated and validated the internal control over the Group's process in determining the selling prices, variable selling expenses and costs to completion;</p> <p>(ii) We assessed the Company's estimates of the anticipated costs to completion for properties under development by reconciling the anticipated costs to completion to the approved budgets. We compared the major cost compositions contained in these budgets with the actual cost compositions of the similar type of properties in the similar location. We performed analysis on management's material cost adjustments; and</p> <p>(iii) We challenged management's assumptions when determining the net sales value based on prevailing market conditions by:</p> <ul style="list-style-type: none"> • Researching the selling prices from the public available resources and comparing the estimated selling price to the most recent selling price for the properties under presales or the prevailing market price of the same type of properties in the same location; • Analysing the historical selling expenses to selling price ratio, assessing whether management's estimated selling expenses were within such range.

We found that management's estimates for provision of properties under development and completed properties held for sale are properly supported by the available evidences.

Independent Auditor's Report (Continued)

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

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

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

Independent Auditor's Report (Continued)

- 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 this independent auditor's report is Yeung Chor Ho.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 21 March 2018

Consolidated Balance Sheet

(All amounts in RMB thousands unless otherwise stated)

	Note	As at 31 December	
		2017	2016
Assets			
Non-current assets			
Property, plant and equipment	6	7,573,037	7,309,147
Land use rights	7	2,073,655	2,029,966
Intangible assets	8	155,278	55,357
Goodwill	8	1,303,095	–
Investment properties	9	5,886,604	6,326,943
Interests in associates	10	567,221	114,461
Interests in joint ventures	11	6,438,514	4,624,663
Available-for-sale financial assets	12	277,500	277,500
Derivative financial instruments	14	–	254,497
Prepayments for acquisition of equity interests	16	1,078,421	–
Properties under development	17	17,826,344	9,510,651
Receivables from related parties	20	6,547,559	4,383,129
Deferred income tax assets	28	986,760	699,275
		50,713,988	35,585,589
Current assets			
Derivative financial instruments	14	–	307,870
Financial assets at fair value through profit or loss	15	1,204,478	–
Properties under development	17	46,990,187	36,706,691
Completed properties held for sale	18	9,915,913	13,976,133
Prepayments for acquisition of land use rights	19	5,762,937	9,614,483
Trade and other receivables	20	16,396,483	11,462,643
Prepaid income taxes		2,253,557	1,760,871
Restricted cash	21	11,078,175	9,878,734
Cash and cash equivalents	22	19,041,948	12,431,884
		112,643,678	96,139,309
Total assets		163,357,666	131,724,898
Equity			
Capital and reserves attributable to the shareholders of the Company			
Share capital and premium	23	3,421,883	4,290,028
Shares held for Share Award Scheme	24	(156,588)	(156,588)
Other reserves	25	785,400	3,092,833
Retained earnings		32,284,542	28,083,330
		36,335,237	35,309,603
Perpetual Capital Securities	26	5,529,424	5,597,503
Non-controlling interests		2,311,569	3,248,124
Total equity		44,176,230	44,155,230

Consolidated Balance Sheet (Continued)

(All amounts in RMB thousands unless otherwise stated)

	Note	As at 31 December	
		2017	2016
Liabilities			
Non-current liabilities			
Derivative financial instruments	14	4,403	–
Borrowings	27	34,529,004	31,180,908
Deferred income tax liabilities	28	1,174,595	1,137,167
		35,708,002	32,318,075
Current liabilities			
Derivative financial instruments	14	240,845	–
Borrowings	27	27,146,235	12,815,016
Trade and other payables	29	23,263,952	21,101,960
Advanced proceeds received from customers		19,460,971	10,617,432
Current income tax liabilities		13,361,431	10,717,185
		83,473,434	55,251,593
Total liabilities		119,181,436	87,569,668
Total equity and liabilities		163,357,666	131,724,898

The notes on pages 115 to 203 form an integral part of these consolidated financial statements.

The consolidated financial statements on pages 108 to 203 were approved by the Board of Directors on 21 March 2018 and were signed on its behalf by:

Chen Zhuo Lin

Chan Cheuk Hung

Consolidated Income Statement

(All amounts in RMB thousands unless otherwise stated)

	Note	Year ended 31 December	
		2017	2016
Operation			
Revenue	5	51,607,059	46,678,865
Cost of sales	33	(30,919,581)	(34,313,168)
Gross profit		20,687,478	12,365,697
Selling and marketing costs	33	(2,258,938)	(2,097,973)
Administrative expenses	33	(2,044,294)	(1,458,191)
Other gains/(losses), net	30	40,049	(291,748)
Other income	31	570,485	278,662
Other expenses	32	(396,633)	(195,880)
Operating profit		16,598,147	8,600,567
Finance costs, net	35	(898,674)	(1,124,531)
Share of post-tax gains/(losses) of associates	10	85,953	(3,375)
Share of post-tax gains of joint ventures	11	83,388	10,453
Profit before income tax		15,868,814	7,483,114
Income tax expenses	36	(9,088,536)	(4,433,480)
Profit for the year		6,780,278	3,049,634
Profit attributable to:			
Shareholders of the Company		6,025,244	2,283,640
Holders of Perpetual Capital Securities	26	472,663	415,263
Non-controlling interests		282,371	350,731
		6,780,278	3,049,634
Earnings per share from continuing operations attributable to shareholders of the Company for the year (expressed in Renminbi per share)			
— Basic	37	1.552	0.588
— Diluted	37	1.552	0.588

The notes on pages 115 to 203 form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

(All amounts in RMB thousands unless otherwise stated)

	Note	Year ended 31 December	
		2017	2016
Profit for the year		6,780,278	3,049,634
Other comprehensive income:			
<i>Items that may be reclassified to profit or loss</i>			
— Currency translation differences		(6,634)	(8,226)
Other comprehensive income for the year, net of tax		(6,634)	(8,226)
Total comprehensive income for the year		6,773,644	3,041,408
Attributable to:			
— Shareholders of the Company		6,023,307	2,277,882
— Holders of Perpetual Capital Securities		472,663	415,263
— Non-controlling interests		277,674	348,263
		6,773,644	3,041,408

The notes on pages 115 to 203 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

(All amounts in RMB thousands unless otherwise stated)

	Attributable to shareholders of the Company							
	Share capital and premium (note 23)	Shares held for Share Award Scheme (note 24)	Other reserves (note 25)	Retained earnings	Total	Perpetual Capital Securities (note 26)	Non-controlling interests	Total equity
Balance at 1 January 2017	4,290,028	(156,588)	3,092,833	28,083,330	35,309,603	5,597,503	3,248,124	44,155,230
Comprehensive income								
Profit for the year	-	-	-	6,025,244	6,025,244	472,663	282,371	6,780,278
Other comprehensive income								
— Currency translation differences	-	-	(1,937)	-	(1,937)	-	(4,697)	(6,634)
Total comprehensive income	-	-	(1,937)	6,025,244	6,023,307	472,663	277,674	6,773,644
Total transactions with shareholders, recognised directly in equity								
Transfer to statutory reserve and enterprise expansion funds (note 25)	-	-	403,461	(403,461)	-	-	-	-
Distribution to holders of Perpetual Capital Securities (note 26)	-	-	-	-	-	(478,867)	-	(478,867)
Redemption of Perpetual Capital Securities (note 26)	-	-	-	-	-	(61,875)	-	(61,875)
Dividends (note 38)	(868,145)	-	-	(1,415,468)	(2,283,613)	-	-	(2,283,613)
Effect of conversion of a subsidiary from a limit liability company into a joint stock company	-	-	5,103	(5,103)	-	-	-	-
Acquisition of additional interest in a subsidiary (note 40(a))	-	-	(3,568,082)	-	(3,568,082)	-	(2,531,300)	(6,099,382)
Changes in ownership interests in subsidiaries without change of control (note 40(b))	-	-	854,022	-	854,022	-	344,615	1,198,637
Non-controlling interests on acquisition of subsidiaries	-	-	-	-	-	-	972,456	972,456
Total transactions with shareholders, recognised directly in equity	(868,145)	-	(2,305,496)	(1,824,032)	(4,997,673)	(540,742)	(1,214,229)	(6,752,644)
Balance at 31 December 2017	3,421,883	(156,588)	785,400	32,284,542	36,335,237	5,529,424	2,311,569	44,176,230

Consolidated Statement of Changes in Equity (Continued)

(All amounts in RMB thousands unless otherwise stated)

	Attributable to shareholders of the Company					Perpetual Capital Securities (note 26)	Non- controlling interests	Total equity
	Share capital and premium (note 23)	Shares held for Share Award Scheme (note 24)	Other reserves (note 25)	Retained earnings	Total			
Balance at 1 January 2016	5,097,967	(156,588)	3,044,577	26,322,308	34,308,264	4,488,659	3,198,064	41,994,987
Comprehensive income								
Profit for the year	-	-	-	2,283,640	2,283,640	415,263	350,731	3,049,634
Other comprehensive income								
— Currency translation differences	-	-	(5,758)	-	(5,758)	-	(2,468)	(8,226)
Total comprehensive income	-	-	(5,758)	2,283,640	2,277,882	415,263	348,263	3,041,408
Total transactions with shareholders, recognised directly in equity								
Issuance of Perpetual Capital Securities (note 26)	-	-	-	-	-	1,093,716	-	1,093,716
Transfer to statutory reserve and enterprise expansion funds (note 25)	-	-	54,014	(54,014)	-	-	-	-
Distribution to holders of Perpetual Capital Securities (note 26)	-	-	-	-	-	(379,510)	-	(379,510)
Redemption of Perpetual Capital Securities (note 26)	-	-	-	-	-	(20,625)	-	(20,625)
Dividends	(807,939)	-	-	(468,604)	(1,276,543)	-	-	(1,276,543)
Dividends distribution to non-controlling interests	-	-	-	-	-	-	(222,807)	(222,807)
Capital injection by non-controlling interests	-	-	-	-	-	-	63,204	63,204
Repurchase of non-controlling interests	-	-	-	-	-	-	(138,600)	(138,600)
Total transactions with shareholders, recognised directly in equity	(807,939)	-	54,014	(522,618)	(1,276,543)	693,581	(298,203)	(881,165)
Balance at 31 December 2016	4,290,028	(156,588)	3,092,833	28,083,330	35,309,603	5,597,503	3,248,124	44,155,230

The notes on page 115 to 203 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

(All amounts in RMB thousands unless otherwise stated)

	Note	Year ended 31 December	
		2017	2016
Cash flows from operating activities			
Cash generated from operations	39(a)	13,176,462	15,011,864
Interest paid		(3,013,912)	(2,745,647)
PRC Income tax paid		(7,210,035)	(5,379,631)
Net cash generated from operating activities		2,952,515	6,886,586
Cash flows from investing activities			
Payments of construction cost of investment properties		(19,432)	–
Prepayment of land use rights for development of own used properties		–	(141,984)
Investments in associates and joint ventures		(2,097,270)	(755,223)
Prepayment for acquisitions of equity interests		(1,078,421)	–
Purchases of property, plant and equipment		(496,029)	(869,910)
Purchases of intangible assets		(22,438)	(12,442)
Proceed received from disposal of investment properties and property, plant and equipment		313,754	72,754
Payment for acquisition of subsidiaries through business combination		(1,628,660)	–
Repayment of cash advances from joint ventures		2,553,071	1,552,905
Cash advances made to related parties		(3,860,536)	(3,710,558)
Payment to settle derivative financial instruments		(14,220)	–
Payment for acquisition of financial assets at fair value through profit or loss		(1,043,613)	–
Interest received		433,754	145,769
Purchase of wealth management products		(2,790,000)	–
Redemption of wealth management products		2,790,000	–
Net cash used in investing activities		(6,960,040)	(3,718,689)
Cash flows from financing activities			
Net proceeds from issuance of Perpetual Capital Securities		–	1,093,716
Redemption of Perpetual Capital Securities		(61,875)	(20,625)
Net proceeds from issuance of senior notes		1,306,210	–
Redemption of senior notes		(10,266,526)	(4,276,350)
Proceeds from bank borrowings and other borrowings		39,218,989	25,277,778
Repayments of bank borrowings and other borrowings		(15,023,887)	(27,956,443)
Net proceeds from issuance of PRC domestic bond		2,976,735	8,723,030
Net proceeds from issuance of Asset-Backed-Securities		1,053,653	975,200
Repayment of Asset-Backed-Securities		(822,000)	–
(Increase)/decrease in guarantee deposit for borrowings		(1,232,000)	281,092
Cash advances from related parties		560,018	286,301
Repayments of cash advances to related parties		(260,312)	(556,236)
Transaction with non-controlling interests		1,198,637	–
Non-controlling interests on acquisition of subsidiaries		972,456	63,204
Repurchase of non-controlling interests		(6,099,382)	(138,600)
Distribution to holders of Perpetual Capital Securities		(478,867)	(379,510)
Dividends paid to shareholders of the Company		(2,283,613)	(1,276,443)
Dividends paid to non-controlling interests		–	(222,807)
Net cash generated from financing activities		10,758,236	1,873,307
Net increase in cash and cash equivalents		6,750,711	5,041,204
Cash and cash equivalents at beginning of the year		12,431,884	7,407,450
Exchange losses on cash and cash equivalents		(140,647)	(16,770)
Cash and cash equivalents at end of the year	22	19,041,948	12,431,884

The notes on pages 115 to 203 form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

1 General information

Agile Group Holdings Limited (the "Company", formerly known as "Agile Property Holdings Limited") is a limited liability company incorporated in the Cayman Islands on 14 July 2005 and is principally engaged in investment holding. The address of its registered office is Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company and its subsidiaries (the "Group") are principally engaged in property development in the People's Republic of China (the "PRC").

The Company's shares were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 15 December 2005.

These consolidated financial statements have been approved for issue by the Board of Directors of the Company on 21 March 2018.

2 Summary of significant accounting policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

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

The preparation of financial statements in conformity with the HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

(a) New and amended standards adopted by the Group

The following new and amended standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2017:

- Amendments to HKAS 12 "Income Taxes"
- Amendments to HKAS 7 "Statement of Cash Flows"
- Amendment to HKFRS 12 "Disclosure of Interest in Other Entities"

The adoption of these amendments did not have significant impact on the current period or any prior periods and is not likely to affect future periods.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(b) The following new standards and amendments to standards have been issued but are not effective for the financial period beginning 1 January 2017 and have not been early adopted:

	Effective for annual periods beginning on or after
HKFRS 15 "Revenue from Contracts with Customers"	1 January 2018
HKFRS 9 "Financial Instruments"	1 January 2018
Amendments to HKFRS 2 "Classification and Measurement of Share-based Payment Transactions"	1 January 2018
Amendments to HKFRS 4, Insurance Contracts "Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts"	1 January 2018 or when the entity first applies HKFRS 9
Amendments to HKFRS 1 "First time adoption of HKFRS"	1 January 2018
Amendments to HKFRS 28 "Investments in associates and joint ventures"	1 January 2018
Amendments to HKFRS 40 "Transfers of investment property"	1 January 2018
HK (IFRIC) 22 "Foreign Currency Transactions and Advance Consideration"	1 January 2018
HKFRS 16 "Leases"	1 January 2019
HK (IFRIC) 23 "Uncertainty over Income Tax Treatments"	1 January 2019
Amendments to HKFRS 10 and HKAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined

The HKICPA has issued a new standard, HKFRS 15 "Revenue from Contracts with Customers" for the recognition of revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts and the related literature.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The standard permits either a full retrospective or a modified retrospective approach for the adoption.

The Group has assessed the effects of applying the new standard on the Group's financial statements and has identified the following areas that will be affected:

- Revenue from pre-sales of properties under development in the PRC is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and laws that apply to the contract, control of the properties under development may transfer over time or at a point in time. Control of the properties under development is transferred over time if the Group's performance do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(b) The following new standards and amendments to standards have been issued but are not effective for the financial period beginning 1 January 2017 and have not been early adopted: (continued)

The progress towards complete satisfaction of the performance obligation is measured based on the property development costs incurred as a percentage of total estimated costs for complete satisfaction as allocated to the contract.

Revenue for certain pre-sale properties contracts will be changed and recognised earlier over the period of time, instead of at a single point in time under the current accounting policy.

- The timing of revenue recognition for sale of completed properties, which is currently based on whether significant risk and reward of ownership of properties transfer, will be recognised at a later point in time when the underlying property is legally or physically transfer to the customer under the control transfer model.
- The Group currently offers different payment schemes to customers, the transaction price and the amount of revenue for the sale of property will be adjusted when significant financial component exists in that contract.
- The Group provides different incentives to customers when they sign a property sale contract. Certain incentives (e.g. free gift and property management service) represents separate performance obligation in a contract. Part of the consideration of the contract will be allocated to those performance obligations and recognised as revenue only when performance obligation is satisfied. The amount of revenue for the sale of property will also be reduced for any cash payment to customer which doesn't not represent fair value of good or service provided by the customer.
- Certain costs incurred for obtaining a pre-sale property contract (e.g. sale commission), which is currently expense off in profit and loss directly, will be eligible for capitalisation under HKFRS 15 and match with revenue recognition pattern of related contract in the future.

The Group intends to adopt the standard on all uncompleted contracts as at 1 January 2018 using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated.

The Group estimates the overall impact of the above is an increase of the Group's retained earnings on 1 January 2018, and a corresponding increase in current asset and deferred tax liability and a decrease in the current liability as at 1 January 2018.

At this stage, the Group is not able to estimate the impact of the new rules on the Group's financial statements. The Group will make more detailed assessments of the impact over the next few months.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(b) The following new standards and amendments to standards have been issued but are not effective for the financial period beginning 1 January 2017 and have not been early adopted: (continued)

HKFRS 15 is mandatory for financial years commencing on or after 1 January 2018. At this stage, the Group does not intend to adopt the standard before its effective date.

HKFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

While the Group has yet to undertake a detailed assessment of the classification and measurement of financial assets currently classified as available-for-sale (AFS) financial assets would appear to satisfy the conditions for classification as at fair value through other comprehensive income (FVOCI) and hence there will be no change to the accounting for these assets.

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

The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under HKFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. While the Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

HKFRS 9 must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed HKFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety. The Group does not intend to adopt HKFRS 9 before its mandatory date.

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(b) **The following new standards and amendments to standards have been issued but are not effective for the financial period beginning 1 January 2017 and have not been early adopted: (continued)**

The amendments to HKFRS 10 and HKAS 28 address an inconsistency between HKFRS 10 and HKAS 28 in the sale and contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary. The amendments were originally intended to be effective for annual periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continues to be permitted.

HKFRS 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for Group's operating leases. Management expects there will be no significant impact on the Group's financial statements when it becomes effective as the Group does not have material lease arrangements as lessee.

Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

The new standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) *Business combinations*

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(a) *Business combinations (continued)*

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

Intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) *Changes in ownership interests in subsidiaries without change of control*

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investments in associates include goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.3 Associates (continued)

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to “share of post-tax gains/(losses) of associates” in the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group’s financial statements only to the extent of unrelated investor’s interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gains or losses on dilution of equity interest in associates are recognised in the consolidated income statement.

2.4 Joint arrangements

The Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group’s share of the post-acquisition profits or losses and movements in other comprehensive income. The Group’s investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group’s share of the net fair value of the joint venture’s identifiable assets and liabilities is accounted for as goodwill. When the Group’s share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group’s net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group’s interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that makes strategic decisions of the Group.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.6 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings denominated in foreign currencies are presented in the consolidated income statement within "finance costs, net". All other foreign exchange gains and losses are presented in the consolidated income statement within "Other gains/(losses), net".

Changes in the fair value of debt securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting currency translation differences are recognised in other comprehensive income.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and any impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

When there is a change of use from an investment property to an owner-occupied property, the property's deemed cost for subsequent accounting shall be its fair value at the date of change in use.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	10-60 years
Office equipment	5-10 years
Transportation equipment	4-10 years
Machinery	5-10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.11).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other gains/(losses), net" in the consolidated income statement.

2.8 Construction in progress

Construction in progress represents property under construction and is stated at cost less accumulated impairment loss, if any. Cost includes the costs of construction of buildings and interest charges arising from borrowings used to finance these assets during the period of construction, if any. No provision for depreciation is made on construction in progress until such times as the relevant assets are completed and are available for intended use. When the assets concerned are brought into use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated in the preceding paragraphs.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.9 Investment property

Investment property, principally comprising land use rights and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases. Investment properties are initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded as "Fair value gains on investment properties" in the consolidated income statement.

When an owner-occupied property becomes an investment property carried at fair value, the Group applies HKAS 16 up to the date of change in use. The Group treats any difference at that date between the carrying amount of the property in accordance with HKAS 16 and its fair value in the same way as a revaluation in accordance with HKAS 16. In other words, any resulting increase in the carrying amount is treated as follows:

- (i) to the extent that the increase reverses a previous impairment loss for that property, the increase is recognised in profit or loss.
- (ii) any remaining part of the increase is recognised in other comprehensive income and increases the revaluation surplus within equity.

2.10 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.10 Intangible assets (continued)

(b) Trademarks

Trademarks acquired in a business combination are recognised at fair value at the acquisition date. Trademarks have a finite useful life and are carried at cost less accumulated amortisations. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives of 5 years.

(c) Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relations have a finite useful life and are carried at cost less accumulated amortisations. Amortisation is calculated using the straight-line method over the expected life of 8 years for the customer relationship.

(d) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (2 to 10 years).

2.11 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating unit). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.12 Financial assets

2.12.1 Classification

The Group classifies its financial assets in the following categories: loans and receivables, available for sale financial assets and financial assets at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables" and "cash and cash equivalents" in the consolidated balance sheet (notes 2.16 and 2.17).

(c) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

2.12.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Derivatives not designated for hedge are categorised as financial assets at fair value through profit or loss. Derivatives are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current. Derivatives financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The change of fair value is recognised immediately in profit or loss within "finance costs, net".

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.12 Financial assets (continued)

2.12.2 Recognition and measurement (continued)

When financial assets classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated income statement as “other gains/(losses), net”.

Dividends on available-for-sale equity instruments are recognised in the consolidated income statement as part of other income when the Group’s right to receive payments is established.

Changes in the fair value of monetary and non-monetary equity instruments classified as available for sale are recognised in other comprehensive income.

2.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.14 Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor’s credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.14 Impairment of financial assets (continued)

(b) Assets classified as available for sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

2.15 Properties under development and held for sale

Properties under development and held for sale are stated at the lower of cost and net realisable value. Development cost of properties comprises cost of land use rights, construction costs and borrowing costs incurred during the construction period. Upon completion, the properties are transferred to completed properties held for sale.

Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and the anticipated costs to completion.

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

2.16 Trade and other receivables

Trade receivables are amounts due from customers for properties sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2.17 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.18 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.19 Perpetual Capital Securities

Perpetual Capital Securities with no contracted obligation to repay its principal or to pay any distribution are classified as part of equity.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.20 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.21 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.22 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the consolidated income statement in the period in which they are incurred.

Borrowing costs include interest expense, and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The exchange gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity had borrowed funds in its functional currency, and the borrowing costs actually incurred on foreign currency borrowings. Such amounts are estimated based on forward currency rates at the inception of the borrowings.

When the construction of the qualifying assets takes more than one accounting period, the amount of foreign exchange differences eligible for capitalisation is determined for each annual period and are limited to the difference between the hypothetical interest amount for the functional currency borrowings and the actual interest incurred for foreign currency borrowings. Foreign exchange differences that did not meet the criteria for capitalisation in previous years should not be capitalised in subsequent years.

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.23 Current and deferred income tax

The tax expense for the period comprises current and deferred income tax and land appreciation tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

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

(b) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint ventures only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.24 Employee benefits

(a) Pension obligations

The Group only operate defined contribution pension plans. In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the governments.

The Group also participates in a retirement benefit scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme") for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of the lower of 5% of eligible employees' relevant aggregate income and HK\$1,500. The assets of this MPF Scheme are held separately from those of the Group in independently administered funds.

The Group's contributions to the defined contribution retirement scheme are expensed as incurred.

(b) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(c) Equity-settled share-based payment transactions

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for shares of the Group. The fair value of the employee services received in exchange for the grant of the shares is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the shares granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.24 Employee benefits (continued)

(c) Equity-settled share-based payment transactions (continued)

At the end of each reporting period, the Group revises its estimates of the number of shares that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement, if any, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

2.25 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.26 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of properties and services in the ordinary course of the Group's activities. Revenue is shown net of discount and after eliminating revenue made with the Group companies.

The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates of returns on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of properties

Revenue from sales of properties is recognised when a group entity has delivered the relevant properties to the purchaser and collectability of related consideration is reasonably assured. Deposits and installments received on properties sold prior to the date of revenue recognition are included in the consolidated balance sheets under current liabilities.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.26 Revenue recognition (continued)

(b) Property management

Revenue arising from property management is recognised in the accounting period in which the services are rendered.

(c) Hotel operations

Hotel revenue from room rentals, food and beverage sales and other ancillary services are recognised when the goods are delivered or services are rendered.

(d) Rental income

Rental income from investment properties is recognised in the consolidated income statement on a straight-line basis over the term of lease.

(e) Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

(f) Dividend income

Dividend income is recognised when the right to receive payment is established.

(g) Environmental protection income

Revenue arising from environmental protection is recognised when environmental protection services are rendered.

2.27 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

(i) The Group is the lessee other than operating lease of land use rights

Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

(ii) The Group is the lessee under operating lease of land use rights

Land use rights under operating lease, which mainly comprise land use rights to be developed for hotel properties and own used buildings, are stated at cost and subsequently amortised in the consolidated income statement on a straight-line basis over the operating lease periods.

(iii) The Group is the lessor

Assets leased out under operating leases are included in investment properties in the consolidated balance sheet.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.28 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

2.29 Insurance contracts

An insurance contract is a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Insurance risk is a pre-existing risk transferred from the policyholder to the insurer, and is significant only if an insured event could cause an insurer to pay significant additional benefits in any scenario, excluding scenarios that lack commercial substance (i.e. have no discernible effect on the economics of the transaction).

The Group assesses at each reporting date whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of the estimated future cash flows, the entire deficiency is recognised in the consolidated income statement.

The Group regards its financial guarantee contracts provided in respect of mortgage facilities for certain property purchasers as insurance contracts.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The property industry is highly sensitive to the economic environment in the PRC. The Group finances its operations from shareholders' fund, sales of properties, issuance of senior notes, bank and other borrowings. The Group has alternative plans to monitor liquidity risk should there be significant adverse changes on the Group's cash flow projections.

(i) Currency risk

The Group's businesses are principally conducted in RMB, except that certain receipts of proceeds from sales of properties, senior notes, bank borrowings and syndicated loans are in other currencies. As at 31 December 2017, major non-RMB assets and liabilities are cash and cash equivalents, senior notes, bank borrowings and syndicated loans denominated in HK dollar ("HK\$"), US dollar ("US\$") or Malaysia Ringgit ("MYR"). Fluctuation of the exchange rates of RMB against foreign currencies could affect the Group's results of operations. The Group has entered into several forward exchange contracts to hedge its exposure to foreign exchange risk during the year ended 31 December 2017.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(i) Currency risk (continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the respective balance sheet dates are as follows:

	Group	
	2017	2016
Monetary assets		
— HK\$	821,391	559,580
— US\$	11,789	464,644
— MYR	116,290	134,971
	949,470	1,159,195
Monetary liabilities		
— HK\$	13,229,383	7,420,533
— US\$	6,067,231	13,131,007
— MYR	1,014,982	917,135
	20,311,596	21,468,675

The following table shows the sensitivity analysis of a 5% change in RMB against the relevant foreign currencies. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% change in foreign currency rates. If there is a 5% increase/decrease in RMB against the relevant currencies, the effect of increase/(decrease) in the profit for the year is as follows:

	Group	
	2017	2016
5% increase in RMB against HK\$	621,031	345,058
5% decrease in RMB against HK\$	(621,031)	(345,058)
5% increase in RMB against US\$	302,791	633,337
5% decrease in RMB against US\$	(302,791)	(633,337)
5% increase in RMB against MYR	44,935	39,108
5% decrease in RMB against MYR	(44,935)	(39,108)

(ii) Interest rate risk

The Group's exposure to changes in interest rates is mainly attributable to its borrowings. Senior notes, and other borrowings at fixed rate expose the Group to fair value interest rate risk. Borrowings at variable rates expose the Group to cash flow interest-rate risk. The Group closely monitors trend of interest rate and its impact on the Group's interest rate risk exposure. The Group currently has not used any interest rate swap arrangements but will consider hedging interest rate risk should the need arise.

As at 31 December 2017 and 2016, if interest rates on borrowings had been 100 basis points higher or lower with all other variables held constant, interest charges for the years ended 31 December 2017 and 2016 would increase or decrease by RMB346,238,000 and RMB184,207,000 respectively, mainly as a result of higher or lower interest expense on floating rate borrowings.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(iii) Credit risk

The Group is exposed to credit risk in relation to its trade and other receivables and cash deposits with banks.

The carrying amounts of trade and other receivables, restricted cash, cash and cash equivalents represent the Group's maximum exposure to credit risk in relation to financial assets.

To manage this risk, deposits are mainly placed with licensing banks which are all high-credit-quality financial institutions.

For credit exposures to customers, generally, the Group requires full payment from customers before delivery of properties. Credit terms are granted to customers upon obtaining approval from the Company's senior management after assessing the credit history of those customers. The Group closely monitors the collection of progress payments from customers in accordance with payment schedule agreed with customers. The Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate percentage of down payments.

Meanwhile, the Group has the right to cancel the contracts once repayment from the customers is in default; it also has monitoring procedures to ensure that follow-up actions are taken to recover overdue balances. In addition, the Group regularly reviews the recoverable amount of each individual trade receivables to ensure that adequate impairment provisions are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a number of counterparties and customers.

The Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of properties for an amount up to 80% of the total purchase price of the property. If a purchaser defaults on the payment of its mortgage loan during the guarantee period, the bank holding the guarantee may demand the Group to repay the outstanding amount under the loan and any interest accrued thereon. Under such circumstances, the Group is able to retain the customer's deposit and re-sell the property to recover any amounts paid by the Group to the bank. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. Detailed disclosure of these guarantees is made in the note 42.

No significant credit limits were exceeded during the reporting period, and management does not expect any significant losses from non-performance by these counterparties.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(iv) Liquidity risk

Management aims to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of available financing, including proceeds from pre-sale of properties, committed credit facilities and short-term and long-term borrowings to meet its construction commitments.

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include control on investment in land bank, adjusting project development timetable to adapt the changing local real estate market environment, implementing cost control measures, promotion of sales of completed properties, accelerating sales with more flexible pricing etc. The Group will pursue such options basing on its assessment of relevant future costs and benefits.

The table below analyses the Group's financial liabilities maturity profile and derivative financial instruments at the balance sheet date. The amounts disclosed thereon are the contractual undiscounted cash flows. Balances due within 12 months from the balance sheet date equal to their carrying amounts in the balance sheets, as the impact of discount should not be significant.

Contractual maturities of financial liabilities	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At 31 December 2017					
Non-derivatives					
Borrowings	30,698,679	15,111,362	17,661,969	7,915,696	71,387,706
Trade and other payables(*)	21,013,781	–	–	–	21,013,781
Total non-derivatives	51,712,460	15,111,362	17,661,969	7,915,696	92,401,487
Derivatives					
Gross settled (forward foreign exchange contracts)					
— (inflow)	(24,094)	(21,727)	–	–	(45,821)
— outflow	264,939	26,130	–	–	291,069
	240,845	4,403	–	–	245,248
At 31 December 2016					
Non-derivatives					
Borrowings	14,368,750	14,039,630	18,235,333	5,006,567	51,650,280
Trade and other payables(*)	20,042,372	–	–	–	20,042,372
Total non-derivatives	34,411,122	14,039,630	18,235,333	5,006,567	71,692,652
Derivatives					
Gross settled (forward foreign exchange contracts)					
— (inflow)	(446,729)	(502,822)	–	–	(949,551)
— outflow	138,859	248,325	–	–	387,184
	(307,870)	(254,497)	–	–	(562,367)

* Excluding staff welfare benefit payable and other taxes payable.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(v) Price risk

Exposure

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the consolidated balance sheet as financial assets at fair value through profit or loss.

To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The majority of the Group's equity investments are publicly traded.

Sensitivity

The table below summarises the impact of increases/decreases of price of the stocks, which the Group purchased, on the Group's equity and post-tax profit for the period. The analysis is based on that the stock price increased by 5% and 10% respectively or decreased by 5% and 10% with all other variables held constant, and that all the Group's equity instruments moved in line with the indexes.

	Impact on post tax profit	
	2017	2016
Price of each stock – increase 5%	50,287	–
Price of each stock – decrease 5%	(50,287)	–
Price of each stock – increase 10%	100,574	–
Price of each stock – decrease 10%	(100,574)	–

Post-tax profit for the year would increase/decrease as a result of gains/losses on equity securities classified as at fair value through profit or loss.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

3 Financial risk management (continued)

3.2 Capital risk management

The Group's objectives of capital management are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the unnecessary cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of any returns to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors its capital structure on a basis of gearing ratio. This ratio is calculated as net borrowings divided by total equity as shown in the consolidated balance sheet. Net borrowings are calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less total of cash and cash equivalents and restricted cash.

	2017	2016
Total borrowings (note 27)	61,675,239	43,995,924
Less: cash and cash equivalents (note 22)	(19,041,948)	(12,431,884)
restricted cash (note 21)	(11,078,175)	(9,878,734)
Net Borrowings	31,555,116	21,685,306
Total equity	44,176,230	44,155,230
Gearing ratio	71.4%	49.1%

The increase in the gearing ratio during the year ended 31 December 2017 was primarily resulted from the increase in borrowings.

3.3 Fair value estimation

The Group is not holding any financial assets and financial liabilities carried at fair value except for financial assets at fair value through profit or loss, available-for-sale financial assets and derivative financial instruments. The different levels of fair value estimation have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

As at 31 December 2017, the financial assets at fair value through profit or loss composing of trading securities were stated at fair value. The financial assets were included in level 1 as the assets have been fair valued using quoted prices in an active market.

As at 31 December 2017 and 2016, the derivative financial instruments were stated at fair value. The financial assets were included in level 2 as the assets have been fair valued using forward exchange rates that are quoted in an active market.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

As at 31 December 2017 and 2016, the available-for-sale financial assets were stated at fair value. The financial assets and financial liabilities were included in level 3 as the quantitative information about fair value measurements were using significant unobservable inputs.

As at 31 December 2017, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities.

As at 31 December 2017, there were no significant reclassifications of financial assets or financial liabilities.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Provisions for impairment of properties under development, completed properties held for sale and long-term assets held for hotel operations

Provision is made when events or changes in circumstances indicate that the carrying amounts may not be recoverable. For the purpose of assessing provision for impairment, properties under development, completed properties held for sale and long-term assets held by hotel segment are grouped at the lowest levels for which there are separately identifiable cash flows. The recoverability of the carrying amounts of land use rights for property development, properties under development and completed properties held for sale was assessed according to their recoverable amount, taking into account for costs to completion based on past experience and net sales value based on prevailing market conditions. The recoverable amounts of long-term assets held for hotel operation have been determined based on value-in-use calculations, taking into account latest market information and past experience. The assessment requires the use of judgement and estimates.

As at 31 December 2017, except for provision for impairment of completed properties of RMB349,126,000 (2016: RMB139,975,000) and properties under development of RMB103,571,000 (2016:nil), no other impairment was provided for long-term asset held for hotel operation.

(ii) Current and deferred income tax

The Group is subject to corporate income taxes in the PRC. Judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxations. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

4 Critical accounting estimates and judgements (continued)

4.1 Critical accounting estimates and assumptions (continued)

(iii) Land appreciation taxes

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including land cost, borrowing costs and all property development expenditures.

The subsidiaries of the Group engaging in property development business in the PRC are subject to land appreciation taxes, which have been included in the income tax expenses. However, the implementation of these taxes varies amongst various PRC cities and the Group has not finalised its land appreciation tax returns with various tax authorities for certain projects. Accordingly, judgement is required in determining the amount of land appreciation and its related taxes payable. The Group recognises these liabilities based on management's best estimates. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax expenses and provisions of land appreciation taxes in the period in which such determination is made.

(iv) Fair value of investment properties

The fair value of investment properties is determined by using valuation technique. Details of the judgement and assumptions have been disclosed in note 9.

(v) Recoverability of trade receivables

The management assesses the recoverability of trade receivables individually with reference to the past repayment history as well as subsequent settlement status. Allowances are applied to these receivables where events or changes in circumstances indicate that the balances may not be collectible and require the use of estimates. Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade receivable and the impairment charge in the period in which such estimate has been changed.

As at 31 December 2017, except for provision for impairment of RMB7,443,000 (2016: nil), no impairment was provided for trade receivables (2016: nil).

(vi) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.10, where the recoverable amounts of the CGU is determined based on value-in-use calculations. These calculations require the use of estimates. Details of impairment assessment, key assumptions and impact of possible changes in key assumptions are disclosed in note 8.

As at 31 December 2017, the purchase price allocation on goodwill of environmental companies acquired through business combinations are still in progress and will be completed within 12 months of the acquisition.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

5 Segment information

The executive directors of the Company, which are the chief operating decision-makers of the Group, review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on reports reviewed by the executive directors of the Company that are used to make strategy decision.

The Group is organised into five business segments: property development, property management, hotel operations, property investment and others. The associate and joint ventures of the Group are principally engaged in property development and are included in the property development segment. As the executive directors of the Company consider most of the Group's consolidated revenue and results are attributable from the market in the PRC. Most of the non-current assets are located in the PRC, and less than 10% of the Group's consolidated assets are located outside the PRC, geographical segment information is not considered necessary.

The executive directors of the Company assess the performance of the operating segments based on a measure of segment results, being profit before income tax before deducting finance costs.

The Group has a large number of customers, none of whom contributed 5% or more of the Group's revenue.

Analysis of revenue from external customers by the category for the years ended 31 December 2017 and 2016 is as follows:

	2017	2016
Sales of developed properties	49,261,750	44,751,782
Property management services	1,290,148	1,068,536
Hotel operations	683,939	669,983
Rental income from investment properties	166,502	188,564
Others	204,720	–
	51,607,059	46,678,865

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

5 Segment information (continued)

Segment information provided to the executive directors of the Company for the reporting segments for the years ended 31 December 2017 and 2016 are as follows:

Year ended 31 December 2017

	Property development	Property management	Hotel operations	Property investment	Others	Elimination	Group
Gross segment sales	49,261,750	1,760,753	683,939	166,502	204,720	-	52,077,664
Inter-segment sales	-	(470,605)	-	-	-	-	(470,605)
Sales to external customers	49,261,750	1,290,148	683,939	166,502	204,720	-	51,607,059
Fair value gains on investment properties (note 9)	-	-	-	4,376	-	-	4,376
Operating profit/(loss)	16,205,456	398,417	(57,255)	26,382	25,147	-	16,598,147
Share of post-tax gains of associates (note 10)	85,953	-	-	-	-	-	85,953
Share of post-tax gains of joint ventures (note 11)	83,388	-	-	-	-	-	83,388
Segment result	16,374,797	398,417	(57,255)	26,382	25,147	-	16,767,488
Finance costs, net (note 35)							(898,674)
Profit before income tax							15,868,814
Income tax expenses (note 36)							(9,088,536)
Profit for the year							6,780,278
Depreciation	214,840	7,354	274,497	-	7,687		504,378
Amortisation of land use rights and intangible assets	15,850	8,148	61,295	-	1,401		86,694
Write-down of completed properties held for sale	312,722	-	-	-	-		312,722
Segment assets	142,059,581	2,498,963	8,813,269	5,886,604	1,457,382	(1,802,928)	158,912,871
Unallocated assets							4,444,795
Total assets							163,357,666
Segment assets include:							
Interests in associates (note 10)	567,221	-	-	-	-		567,221
Interests in joint ventures (note 11)	6,438,514	-	-	-	-		6,438,514
Segment liabilities	38,968,256	952,375	4,174,525	33,502	399,193	(1,802,928)	42,724,923
Unallocated liabilities							76,456,513
Total liabilities							119,181,436
Capital expenditure	74,857	29,564	145,301	19,432	274,978		544,132

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

5 Segment information (continued)

Segment assets and liabilities are reconciled to total assets and liabilities as at 31 December 2017 as follows:

	Assets	Liabilities
Segment assets/liabilities	158,912,871	42,724,923
Unallocated:		
Deferred income taxes	986,760	1,174,595
Prepaid income taxes	2,253,557	–
Financial assets at fair value through profit or loss	1,204,478	–
Derivative financial instruments	–	245,248
Current income tax liabilities	–	13,361,431
Current borrowings	–	27,146,235
Non-current borrowings	–	34,529,004
Total	163,357,666	119,181,436

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

5 Segment information (continued)

Year ended 31 December 2016

	Property development	Property management	Hotel operations	Property investment	Elimination	Group
Gross segment sales	44,751,782	1,453,157	669,983	188,564	-	47,063,486
Inter-segment sales	-	(384,621)	-	-	-	(384,621)
Sales to external customers	44,751,782	1,068,536	669,983	188,564	-	46,678,865
Fair value gains on investment properties (note 9)	-	-	-	42,960	-	42,960
Operating profit/(loss)	8,633,470	303,913	(223,930)	97,740	-	8,811,193
Share of post-tax loss of an associate (note 10)	(3,375)	-	-	-	-	(3,375)
Share of post-tax gains of joint ventures (note 11)	10,453	-	-	-	-	10,453
Gains on disposal of hotel assets	-	-	(210,626)	-	-	(210,626)
Segment result	8,640,548	303,913	(434,556)	97,740	-	8,607,645
Finance costs, net (note 35)						(1,124,531)
Profit before income tax						7,483,114
Income tax expenses (note 36)						(4,433,480)
Profit for the year						3,049,634
Depreciation	218,528	4,824	240,731	-		464,083
Amortisation of land use rights and intangible assets	16,089	598	51,305	-		67,992
Write-down of completed properties held for sale	16,328	-	-	-		16,328
Segment assets	113,775,622	1,827,997	9,286,959	6,326,943	(2,515,136)	128,702,385
Unallocated assets						3,022,513
Total assets						131,724,898
Segment assets include:						
Interest in associates (note 10)	114,461	-	-	-		114,461
Interests in joint ventures (note 11)	4,624,663	-	-	-		4,624,663
Segment liabilities	29,282,533	689,941	4,210,087	51,967	(2,515,136)	31,719,392
Unallocated liabilities						55,850,276
Total liabilities						87,569,668
Capital expenditure	849,135	4,485	230,036	-		1,083,656

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

5 Segment information (continued)

Segment assets and liabilities are reconciled to total assets and liabilities as at 31 December 2016 as follows:

	Assets	Liabilities
Segment assets/liabilities	128,702,385	31,719,392
Unallocated:		
Deferred income taxes	699,275	1,137,167
Prepaid income taxes	1,760,871	–
Derivative financial instruments	562,367	–
Current income tax liabilities	–	10,717,185
Current borrowings	–	12,815,016
Non-current borrowings	–	31,180,908
Total	131,724,898	87,569,668

Inter-segment transfers or transactions are entered into at terms and conditions agreed upon by respective parties.

Eliminations comprise inter-segment trade and non-trade balances.

Pricing policy for inter-segment transactions is determined by reference to market price.

Segment assets consist primarily of property, plant and equipment, land use rights, properties under development, completed properties held for sale, investment properties, receivables and cash balances. Unallocated assets comprise deferred tax assets, prepaid income taxes, financial assets at fair value through profit or loss and derivative financial instruments. Segment liabilities comprise operating liabilities. Unallocated liabilities comprise taxation, borrowings and derivative financial instruments.

Capital expenditure comprises additions to property, plant and equipment, land use rights for self-owned properties, investment properties and intangible assets.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

6 Property, plant and equipment

	Buildings	Transportation equipment	Office equipment	Machinery	Construction in progress	Total
At 1 January 2016						
Cost	6,239,714	195,923	168,795	193,941	1,076,830	7,875,203
Accumulated depreciation	(866,053)	(127,090)	(121,303)	(108,792)	–	(1,223,238)
Net book amount	5,373,661	68,833	47,492	85,149	1,076,830	6,651,965
Year ended 31 December 2016						
Opening net book amount	5,373,661	68,833	47,492	85,149	1,076,830	6,651,965
Additions	119,096	13,344	11,694	25,462	1,164,995	1,334,591
Transfer of completed construction projects	852,751	–	–	–	(852,751)	–
Transfer from/(to) properties under development	51,874	–	–	–	(22,861)	29,013
Transfer to properties held for sales	(225,963)	–	–	–	–	(225,963)
Disposals	(8,021)	(4,072)	(2,740)	(1,543)	–	(16,376)
Depreciation	(382,548)	(29,122)	(34,170)	(18,243)	–	(464,083)
Closing net book amount	5,780,850	48,983	22,276	90,825	1,366,213	7,309,147
At 31 December 2016						
Cost	7,043,062	183,730	165,541	214,659	1,366,213	8,973,205
Accumulated depreciation	(1,262,212)	(134,747)	(143,265)	(123,834)	–	(1,664,058)
Net book amount	5,780,850	48,983	22,276	90,825	1,366,213	7,309,147
Year ended 31 December 2017						
Opening net book amount	5,780,850	48,983	22,276	90,825	1,366,213	7,309,147
Additions	220,116	6,824	35,745	35,854	203,723	502,262
Acquisition of subsidiaries	28,039	1,055	1,510	60,532	–	91,136
Transfer from investment properties (note 9)	247,557	–	–	–	–	247,557
Disposals	(61,935)	(472)	(569)	(8,820)	(891)	(72,687)
Depreciation	(438,683)	(22,073)	(26,056)	(17,566)	–	(504,378)
Closing net book amount	5,775,944	34,317	32,906	160,825	1,569,045	7,573,037
At 31 December 2017						
Cost	7,412,424	185,215	200,852	300,402	1,569,045	9,667,938
Accumulated depreciation	(1,636,480)	(150,898)	(167,946)	(139,577)	–	(2,094,901)
Net book amount	5,775,944	34,317	32,906	160,825	1,569,045	7,573,037

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

6 Property, plant and equipment (continued)

Depreciation expenses were charged to the following categories in the consolidated income statement:

	2017	2016
Cost of sales	349,111	333,794
Selling and marketing costs	36,231	19,438
Administrative expenses	119,036	110,851
	504,378	464,083

Notes:

- As at 31 December 2017, buildings of RMB2,713,839,000 (2016: RMB2,182,158,000) were pledged as collateral for the Group's borrowings (note 27).
- During the year ended 31 December 2017, the Group has capitalised borrowing costs amounting to RMB4,231,000 (2016: RMB4,438,000) on property, plant and equipment. Borrowing costs were capitalised at the weighted average rate of its general borrowings of 6.20%(2016: 7.64%).
- Buildings mainly represent the office buildings and hotel buildings. Constructions in progress mainly represent construction costs and other costs incurred for the construction of hotels.

7 Land use rights

	2017	2016
At 1 January	2,029,966	1,940,762
Additions	–	141,984
Acquisition of subsidiaries	81,713	–
Transfer from properties under development (note (b))	72,346	75,795
Transfer to properties held for sale	–	(63,134)
Disposal	(41,193)	(8,934)
Amortisation		
— Capitalised in construction in progress	(6,233)	(3,922)
— Recognised as cost of sales (note 33)	(41,291)	(42,208)
— Recognised as expenses (note 33)	(21,653)	(10,377)
	2,073,655	2,029,966

Notes:

- Land use rights comprise cost of acquiring usage rights of certain land, which are located in the PRC, held on leases of over 40 years, and mainly for hotel properties or self-used buildings over fixed periods.
- During the year ended 31 December 2017, certain own used land use rights with carrying value of RMB72,346,000 were reclassified from properties under developments as a result of change in development plan(2016: RMB75,795,000 were reclassified from properties under developments).
- As at 31 December 2017, land use rights of RMB1,455,257,000 (2016: RMB129,053,000) were pledged as collateral for the Group's borrowings (note 27).

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

8 Intangible assets

	Construction license	Computer software	Trademarks (note 41)	Customer relationship (note 41)	Subtotal	Goodwill (note 41)	Total
At 1 January 2016							
Cost	27,274	101,468	-	-	128,742	-	128,742
Accumulated amortisation	(27,274)	(47,068)	-	-	(74,342)	-	(74,342)
Net book amount	-	54,400	-	-	54,400	-	54,400
Year ended 31 December 2016							
Opening net book amount	-	54,400	-	-	54,400	-	54,400
Additions	-	12,442	-	-	12,442	-	12,442
Amortisation	-	(11,485)	-	-	(11,485)	-	(11,485)
Closing net book amount	-	55,357	-	-	55,357	-	55,357
At 31 December 2016							
Cost	27,274	113,910	-	-	141,184	-	141,184
Accumulated amortisation	(27,274)	(58,553)	-	-	(85,827)	-	(85,827)
Net book amount	-	55,357	-	-	55,357	-	55,357
Year ended 31 December 2017							
Opening net book amount	-	55,357	-	-	55,357	-	55,357
Additions	-	22,438	-	-	22,438	-	22,438
Acquisition of subsidiaries (note (a))	-	-	18,000	77,000	95,000	1,303,095	1,398,095
Amortisation (note (c))	-	(10,904)	(1,800)	(4,813)	(17,517)	-	(17,517)
Closing net book amount	-	66,891	16,200	72,187	155,278	1,303,095	1,458,373
At 31 December 2017							
Cost	27,274	136,348	18,000	77,000	258,622	1,303,095	1,561,717
Accumulated amortisation	(27,274)	(69,457)	(1,800)	(4,813)	(103,344)	-	(103,344)
Net book amount	-	66,891	16,200	72,187	155,278	1,303,095	1,458,373

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

8 Intangible assets (continued)

Notes:

(a) Intangible assets through acquisition of subsidiaries

On 30 June 2017, A-Living Services Co., Ltd. ("A-Living") completed its acquisition of 100% of the equity interests in Greenland Property Services Co., Ltd. ("Greenland Property Services") (the "Acquisition") at a consideration of RMB1,000,000,000 (note 41). Total identifiable net assets of Greenland Property Services was amounted to RMB81,033,000, including trademarks of RMB18,000,000 and customer relationship of RMB77,000,000 recognised by the Group.

According to the investment cooperation framework agreement with Greenland Holdings Group Company Limited ("Greenland Holdings"), Greenland Property Services was authorised to use the trademark and brand of "Greenland Property Services" which is held by Greenland Holdings on a royalty-free basis for a period of five years. Management thus considered that the trademark of "Greenland Property Services" is separable and meets the definition of an asset. The useful life of trademark is determined with reference to the royalty-free period.

Customer relationship primarily related to the existing contracts of Greenland Property Services on the acquisition date, and Greenland Property Services' entitlement to the yearly incremental property gross floor areas under management committed by Greenland Holdings for the period from 1 January 2018 to 31 December 2022 according to the investment cooperation framework agreement with Greenland Holdings. A large portion of the existing contracts of Greenland Property Services are with no specific expiration date and the remaining contracts are with contract periods of two to five years. Considering that Greenland Holdings will commit the incremental gross floor areas during the five-year period from 1 January 2018 to 31 December 2022 and termination or non-renewal of property management contracts with the property developers or property owners' association are uncommon, the Group estimates the useful life and determines the amortisation period of the customer relationship to be eight years with reference to its industry experience.

A valuation was performed by an independent valuer to determine the amount of the trademarks and customer relationship. Methods and key assumptions in determining the fair value of trademarks and customer relationship as at 30 June 2017 are disclosed as follow:

	Valuation technique	Discount rate	Expected life of the intangible assets
Trademarks	Discounted cash flow	15%	5 years
Customer relationship	Discounted cash flow	16%	8 years

(b) The excess of the consideration transferred over the fair value of the identifiable net assets acquired is recorded as goodwill.

Goodwill as at 31 December 2017 was comprised of the followings:

	2017	2016
Goodwill arising from acquisition of property management companies (note 41)	918,967	–
Goodwill arising from acquisition of environmental companies (note 41)	384,128	–
	1,303,095	–

Goodwill of RMB918,967,000 arising from the Acquisition was identified as significant and allocated to the property management business operated by Greenland Property Services.

The consideration of RMB1,000,000,000 was based on an arm's-length negotiation taking into account the prospect of the business cooperation between Greenland Holdings and its subsidiaries and a subsidiary of the Group.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

8 Intangible assets (continued)

Notes: (continued)

(b) (continued)

As at 31 December 2017, management performed an impairment assessment on the goodwill and other intangible assets. The recoverable amount of the property management business operated by Greenland Property Services has been assessed by an independent valuer and determined based on value-in-use ("VIU") calculation. The calculation used cash flow projections based on financial budgets covering a seven-year period approved by management. Management extended the five-year projections as suggested by HKAS 36 for additional two years projection based on the considerations as follows:

- (i) Based on past experience, termination or non-renewal of property management contracts with the property developers or property owners' association are uncommon. In addition, the monthly property management fee and the percentage of cost to income generated from property management are stable. These provide a reasonable basis for management to forecast cash flows reliably over a longer period.
- (ii) During the period from 1 January 2018 to 31 December 2022, the significant increment in projected revenue of Greenland Property Services is primarily attributable to the 10 million sq.m. incremental gross floor areas under management each year according to the investment cooperation framework agreement with Greenland Holdings. Management considered that before the projections move into a long term stable period, such momentum of revenue growth during 2018 to 2022 will continue for another two years after 2022, during which the annual revenue growth rate gradually drops from 30% in year 2022 to 16% in year 2023 and further drops to a normal level of 7% in year 2024.

The following table sets forth each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill and other intangible assets:

Revenue 2018 (% annual growth rate)	333%
Revenue 2019 (% annual growth rate)	130%
Revenue – 2020 to 2024 (% annual growth rate)	7%-60%
Gross margin (% of revenue)	23%
Long-term growth rate	3%
Pre-tax discount rate	18%

As at 31 December 2017, the recoverable amount of RMB1,225 million of the property management business operated by Greenland Property Services calculated based on VIU exceeded its carrying value of RMB1,000 million by 225 million. A 4.51% decrease in estimated annual revenue growth rate, a 1.06% decrease in estimated gross margin, a 9.67% decrease in estimated long term growth rate or a 2.88% increase in estimated discount rate, all changes taken in isolation in the VIU calculations, would remove the remaining headroom.

By reference to the recoverable amount assessed by the independent valuer as at 31 December 2017, the directors of a subsidiary of the Group determined that no impairment provision on goodwill and other intangible assets was required as at 31 December 2017.

(c) Amortisation expenses were charged to the following categories in the consolidated income statement:

	2017	2016
Cost of sales	7,157	537
Selling and marketing costs	757	65
Administrative expenses	9,603	10,883
	17,517	11,485

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

9 Investment properties

	2017	2016
Opening net book amount	6,326,943	6,369,011
Capitalised subsequent expenditure	19,432	–
Disposals	(216,590)	(85,028)
Transfer to property, plant and equipment (note (h))	(247,557)	–
Revaluation gains recognised in consolidated income statement	4,376	42,960
Closing net book amount	5,886,604	6,326,943

Notes:

- (a) The investment properties are located in the PRC and are held on lease of between 30 to 70 years.
- (b) Amounts recognised in the consolidated income statement for investment properties:

	2017	2016
Rental income	166,502	188,564
Direct operating expenses of investment properties that generated rental income	(73,206)	(105,470)
Direct operating expenses of investment properties that did not generate rental income	(24,403)	(28,314)
	68,893	54,780

As at 31 December 2017, the Group had no unprovided contractual obligations for future repairs and maintenance (2016: nil).

- (c) **Fair value hierarchy**
As at 31 December 2017 and 2016, all of the Group's investment properties were within level 3 of the fair value hierarchy as the valuation were arrived at by reference to certain significant unobservable inputs. There were no transfers between levels 1, 2 and 3 during the year.
- (d) **Valuation processes of the Group**
The Group's investment properties were valued at 31 December 2017 by an independent professionally qualified valuer, Vigers Appraisal & Consulting Limited, who holds a recognised relevant professional qualification and has recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The Group's finance department includes a team that reviews the valuations performed by the independent valuer for financial reporting purposes. This team reports directly to the executive directors. Discussion of valuation processes and results are held amongst the executive directors, the valuation team and the valuer at least once every six months, in line with the Group's interim and annual reporting dates.

At each financial year end, the finance department:

- Verifies all major inputs to the independent valuation report;
- Assesses property valuations movements when compared to the prior year valuation report; and
- Holds discussions with the independent valuer.

Changes in Level 2 and 3 fair values are analysed at each reporting date during the bi-annual valuation discussions between the executive directors and the valuation team. As part of this discussion, the team presents a report that explains the reasons for the fair value movements.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

9 Investment properties (continued)

Notes: (continued)

(e) Valuation techniques

Fair values of completed commercial properties are generally derived using the income capitalisation method. This valuation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to valuers, view of recent lettings, within the subject properties and other comparable properties.

Fair values of car parks are evaluated by using direct comparison approach, which is adopted assuming sale of each of these properties in its existing state with the benefit of vacant possession. By making reference to sales transactions as available in the relevant market, comparable properties in close proximity have been selected and adjustments have been made to account for the difference in factors such as location and property size.

	Description	Location	Fair value as at 31 December 2017	Valuation techniques	Unobservable inputs	Range of unobservable inputs
Completed investment properties	Office and retail shop	PRC	5,649,864	Income capitalisation	Term yields	4%~7.25%
					Reversionary yields	4.5%~8%
					Market rents (RMB/ square meter/month)	35~1,000
	Car park	PRC	236,740	Direct comparison method	Market price (RMB/square meter)	3,161~7,987

	Description	Location	Fair value as at 31 December 2016	Valuation techniques	Unobservable inputs	Range of unobservable inputs
Completed investment properties	Office and retail shop	PRC	6,090,203	Income capitalisation	Term yields	4%~7.25%
					Reversionary yields	4.5%~8%
					Market rents(RMB/ square meter/month)	35~1,000
	Car park	PRC	236,740	Direct comparison method	Market price (RMB/square meter)	3,161-7,987

There are inter-relationships between unobservable inputs.

For office and retail, increase in term yields and revisionary yields may result in decrease of fair value. Increase in market rent may result in increase of fair value.

For car park, increase in market price may result in increase in fair value.

There are no changes to the valuation technique during the year ended 31 December 2017.

(f) Investment properties pledged as security

As at 31 December 2017, investment properties of RMB4,593,324,000 (2016: RMB4,722,483,000) and certain rights of receiving rental income were pledged as collateral for the Group's bank borrowings (note 27).

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

9 Investment properties (continued)

Notes: (continued)

(g) Leasing arrangements

Certain investment properties are leased to tenants under long term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are disclosed in note 44.

The period of leases whereby the Group leases out its investment properties under operating leases ranged from 1 year to 20 years.

(h) During the year ended 31 December 2017, certain floor areas of office buildings previously occupied by the Group as offices were transferred from investment properties to property, plant and equipment.

10 Interests in associates

The directors of the Group consider that none of the associates as at 31 December 2017 and 31 December 2016 was significant to the Group and thus the individual financial information of the associates was not disclosed. The summarised financial information of individually immaterial associates on an aggregate basis is as follows:

The movement of the interests in associates during the year is as follows:

	2017	2016
Balance as at 1 January	114,461	3,375
Addition	366,807	114,461
Share of post-tax gains/(losses) of associates	85,953	(3,375)
Balance as at 31 December	567,221	114,461

The associates are accounted for using the equity method. The Directors consider there are no individually material associates. The aggregate amounts of the Group's shares of the associate are as follows:

	2017	2016
Profit/(loss) from continuing operations	85,953	(3,375)
Total comprehensive income	85,953	(3,375)

The contingent liabilities relating to the Group's interest in the associate are disclosed in note 42. There is no commitment relating to the Group's interests in the associates.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

11 Interests in joint ventures

The movement of the interest in joint ventures is as follows:

	2017	2016
Balance as at 1 January	4,624,663	1,133,448
Addition	1,730,463	3,480,762
Share of post-tax gains of joint ventures	83,388	10,453
Balance as at 31 December	6,438,514	4,624,663

The joint ventures are accounted for using the equity method. The Directors consider there are no individually material joint ventures. The aggregate amounts of the Group's shares of the joint ventures are as follows:

	2017	2016
Profit from continuing operations	83,388	10,453
Total comprehensive income	83,388	10,453

The contingent liabilities relating to the Group's interests in the joint ventures are disclosed in note 42. There is no commitment relating to the Group's interests in the joint ventures.

12 Available-for-sale financial assets

The amounts represent 2.5% equity interests in a non-listed real estate project company in the PRC and 2% equity interest in a non-listed network technology company in the PRC.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

13 Financial instruments by category

Assets as per consolidated balance sheet

	2017	2016
Loans and receivables		
Trade and other receivables excluding prepaid business taxes and other taxes and prepayments	21,911,471	15,273,986
Restricted cash	11,078,175	9,878,734
Cash and cash equivalents	19,041,948	12,431,884
	52,031,594	37,584,604
Available-for-sale financial assets	277,500	277,500
Assets at fair value through the profit or loss		
Financial assets at fair value through the profit or loss	1,204,478	–
Derivative financial instruments	–	562,367
Total	53,513,572	38,424,471

Liabilities as per consolidated balance sheet

	2017	2016
Other financial liabilities at amortised cost		
Borrowings	61,675,239	43,995,924
Trade and other payables and accruals, excluding staff welfare benefit payable and other taxes payable	21,013,781	20,042,372
	82,689,020	64,038,296
Liabilities at fair value through the profit or loss		
Derivative financial instruments	245,248	–
Total	82,934,268	64,038,296

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

14 Derivative financial instruments

As at 31 December 2017, the Group had the following derivative financial instruments:

	2017	2016
Non-current portion:		
— Forward foreign exchange contracts	(4,403)	254,497
Current portion:		
— Forward foreign exchange contracts	(240,845)	307,870

The notional principal amounts of the outstanding forward foreign exchange contracts as at 31 December 2017 were US\$1,535,000,000 and HK\$3,700,000,000, approximating to RMB13,122,827,000 in total(2016: US\$1,605,000,000 and HK\$4,450,000,000, approximating to RMB15,114,455,000).

During the year ended 31 December 2017, decrease in fair value of derivative financial instruments of RMB821,834,000 have been recorded in “finance cost, net” in the consolidated income statement (note 35).

15 Financial assets at fair value through the profit or loss

Financial assets at fair value through profit or loss are all held for trading and include the following:

	2017	2016
Current assets		
Hong Kong listed equity securities	1,204,478	—

Note:

(a) Amounts recognised in profit or loss

Increases in fair values of financial assets at fair value through profit or loss amounting to RMB160,865,000 are recorded as “other gains/(losses), net” in consolidated financial statements.

(b) Risk exposure and fair value measurements

Information about the Group’s exposure to price risk is provided in note 3.1(v). For information about the methods and assumptions used in determining fair value please refer to note 3.3.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

16 Prepayments for acquisition of equity interests

The amounts represent the prepayments for acquisition of equity interests in several third parties.

17 Properties under development

	2017	2016
Properties under development expected to be completed:		
— Within one operating cycle included under current assets	46,990,187	36,706,691
— Beyond one operating cycle included under non-current assets	17,826,344	9,510,651
	64,816,531	46,217,342
Properties under development comprise:		
— Construction costs and capitalised expenditures	14,639,021	14,873,096
— Capitalised interests	3,517,374	4,886,108
— Land use rights	46,660,136	26,458,138
	64,816,531	46,217,342

Most of the Group's properties under development are located in the PRC. The relevant land use rights in the PRC are on leases of 40 to 70 years.

The capitalisation rate of borrowings is 6.20% for the year ended 31 December 2017 (2016: 7.64%).

As at 31 December 2017, a provision of RMB103,571,000 was made to write down the properties under development (31 December 2016: nil).

As at 31 December 2017, land use rights included in the properties under development with net book value of RMB14,498,817,000 (2016: RMB6,690,696,000) were pledged as collateral for the Group's borrowings (note 27).

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

18 Completed properties held for sale

All completed properties held for sale are located in the PRC. The relevant land use rights are on leases of 40 to 70 years.

As at 31 December 2017, a provision of RMB349,126,000 was made to write down the completed properties held for sale (31 December 2016: RMB139,975,000).

As at 31 December 2017, completed properties held for sale of approximately RMB64,491,000 (2016: RMB323,608,000) were pledged as collateral for the Group's bank borrowings (note 27).

19 Prepayments for acquisition of land use rights

Amounts represent up-front payments for acquiring land use rights for property development. The amounts will be transferred to properties under development in the balance sheet when the Group obtains contractual usage rights of the relevant lands.

20 Trade and other receivables

	2017	2016
Trade receivables (note (a))	6,664,759	3,601,167
Less: allowance for impairment of trade receivables (note (b))	(7,443)	–
Total trade receivables	6,657,316	3,601,167
Other receivables due from:		
— An associate (note 45(c))	2,625,524	3,210,646
— Joint ventures (note 45(c))	5,416,625	3,714,038
— Other related party (note 45(c))	190,000	–
— Third parties	5,799,250	3,167,764
Prepaid value added taxes and other taxes	657,806	274,432
Deposits for acquisition of land use rights	1,224,012	1,580,371
Prepayments	374,765	297,354
Less: allowance for impairment of other receivables	(1,256)	–
Total other receivables	16,286,726	12,244,605
Less: other receivables due from related parties – non-current portion	(6,547,559)	(4,383,129)
Other receivables-current portion	9,739,167	7,861,476

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

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

20 Trade and other receivables (continued)

Notes:

- (a) Trade receivables mainly arose from sales of properties. Trade receivables in respect of sale of properties are settled in accordance with the terms stipulated in the sale and purchase agreements. As at 31 December 2017 and 2016, the ageing analysis of the trade receivables based on invoice date is as follows:

	2017	2016
Within 90 days	4,268,721	2,906,859
Over 90 days and within 365 days	2,231,705	486,534
Over 365 days	164,333	207,774
	6,664,759	3,601,167

(b) **Impaired trade receivables**

Included in the Group's trade receivable balance are debtors with carrying amounts of approximately RMB7,443,000 as at 31 December 2017 (2016: nil), which are fully impaired. The Group did not hold any collateral over these balances.

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

	2017	2016
At the beginning of the year	-	-
Provision for receivables impairment	7,792	-
Receivables written off as uncollectable	(349)	-
At the end of the year	7,443	-

(c) **Past due but not impaired**

As at 31 December 2017, trade receivables of RMB433,044,000 (2016: RMB289,765,000) were past due but not impaired. Majority of which are derived from properties sold. As the Group normally holds collateral of the properties before collection of the outstanding balances and passes the titles to the purchasers, the Directors consider that the past due trade receivables would be recovered and no provision was made against past due receivables as at 31 December 2017 (2016: nil).

The ageing analysis of these trade receivables is as follows:

	2017	2016
Within 90 days	237,224	76,193
Over 90 days and within 365 days	79,863	79,141
Over 365 days	115,957	134,431
	433,044	289,765

- (d) The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due. The group does not hold any collateral in relation to these receivables.

- (e) The carrying amounts of trade and other receivables are mainly denominated in RMB.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

21 Restricted cash

As at 31 December 2017 and 2016, the Group's restricted cash were mainly denominated in RMB. The conversion of the PRC Group entities' RMB denominated bank balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

As at 31 December 2017 and 2016, restricted cash is mainly comprised of guarantee deposits for mortgage loans, guarantee deposits for construction of pre-sold properties, deposits for accident compensation and collateral for borrowings.

22 Cash and cash equivalents

	2017	2016
Cash and cash equivalents comprise the following:		
Cash at bank and in hand	19,021,778	12,411,884
Short-term bank deposits	20,170	20,000
	19,041,948	12,431,884
Denominated in RMB(note (a))	18,092,478	11,272,689
Denominated in other currencies	949,470	1,159,195
	19,041,948	12,431,884

Note:

- (a) The conversion of the PRC Group entities' RMB denominated bank balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

23 Share capital and premium

	Number of ordinary shares	Nominal value of ordinary shares HK\$'000	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
Authorised					
As at 31 December 2017 and 2016	10,000,000,000	1,000,000			
Movements of issued and fully paid share capital					
Year ended 31 December 2016					
At 1 January 2016	3,917,047,500	391,705	400,253	4,697,714	5,097,967
Dividends	-	-	-	(807,939)	(807,939)
At 31 December 2016	3,917,047,500	391,705	400,253	3,889,775	4,290,028
Year ended 31 December 2017					
At 1 January 2017	3,917,047,500	391,705	400,253	3,889,775	4,290,028
Dividends (note 38)	-	-	-	(868,145)	(868,145)
At 31 December 2017	3,917,047,500	391,705	400,253	3,021,630	3,421,883

24 Share Award Scheme

On 10 December 2013, the Board of Directors of the Company adopted a Share Award Scheme, under which shares may be awarded to employees of the Company in accordance with the terms and conditions of the Share Award Scheme.

Pursuant to the rules of the Share Award Scheme, the Group has set up a trust ("Employee Share Trust"), for the purposes of administering the Share Award Scheme and holding Awarded Shares before they vest. On 10 February 2014, the Company allotted and issued 34,470,000 new shares to the trustee to hold on trust. On 3 January 2014, 32,750,000 of which has been granted to the 116 selected employees, subject to, among others, the performance conditions of both the Group and the awardees can be fulfilled and the awardees remain employed by the Group.

The award of first 30% and second 30% Awarded Shares lapsed effective from 26 August 2015 and 23 August 2016 respectively. Following the confirmation that relevant vesting conditions have not been satisfied on 20 June 2017, the Board resolved in its meeting held on 28 August 2017 that the award of the remaining 40% Awarded Shares lapsed effective from 28 August 2017. The lapsed shares held in Share Award Scheme will not be cancelled. As at 31 December 2017, the shares under the Share Award Scheme held by the Employee Share Trustee amounted to RMB156,588,000 (2016: RMB156,588,000), which was presented within equity in the consolidated balance sheet. For the year ended 31 December 2017, no expenses in relation to the Share Award Scheme were recognised in the consolidated income statement as the performance condition were not fulfilled and no awarded shares were vested (2016: nil).

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

25 Other reserves

	Merger reserve (note (a))	Statutory reserve and enterprise expansion fund (note (b))	Revaluation surplus	Effect of conversion of a subsidiary from a limit liability company into a joint stock company	Acquisition of additional interest in a subsidiary	Changes in ownership interests in subsidiaries without change of control	Translation reserve	Total
Balance at 1 January 2016	442,395	2,568,725	21,337	-	-	-	12,120	3,044,577
Transfer from retained earnings	-	54,014	-	-	-	-	-	54,014
Currency translation difference	-	-	-	-	-	-	(5,758)	(5,758)
Balance as at 31 December 2016	442,395	2,622,739	21,337	-	-	-	6,362	3,092,833
Balance at 1 January 2017	442,395	2,622,739	21,337	-	-	-	6,362	3,092,833
Transfer from retained earnings	-	403,461	-	-	-	-	-	403,461
Effect of conversion of a subsidiary from a limit liability company into a joint stock company	-	-	-	5,103	-	-	-	5,103
Acquisition of additional interest in a subsidiary (note 40(a))	-	-	-	-	(3,568,082)	-	-	(3,568,082)
Changes in ownership interests in subsidiaries without change of control (note 40(b))	-	-	-	-	-	854,022	-	854,022
Currency translation difference	-	-	-	-	-	-	(1,937)	(1,937)
Balance as at 31 December 2017	442,395	3,026,200	21,337	5,103	(3,568,082)	854,022	4,425	785,400

Notes:

- (a) Merger reserve of the Group represents the difference between the share capital of subsidiaries acquired over the nominal value of the shares of the Company issued in exchange pursuant to the Group reorganisation undertaken for listing of Company on the Hong Kong Stock Exchange.
- (b) Pursuant to the relevant rules and regulation concerning foreign investment enterprise established in the PRC and the articles of association of certain PRC subsidiaries of the Group, those subsidiaries are required to transfer an amount of their profit after taxation to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve fund may be distributed to equity holders in form of bonus issue.

The appropriation to the enterprise expansion fund is solely determined by the board of directors of the PRC subsidiaries.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

26 Perpetual Capital Securities

On 18 January 2013, the Company issued subordinated perpetual capital securities (the “Perpetual Capital Securities I”) with the aggregate principal amount of US\$700,000,000. Net proceeds after deducting the issuance cost amounted to US\$687,432,500 (equivalent to approximately RMB4,321,938,000). The Perpetual Capital Securities I do not have maturity date and the distribution payments can be deferred at the discretion of the Company. Therefore, the Perpetual Capital Securities I are classified as equity instruments and recorded in equity in the consolidated balance sheet. When the Company elects to declare dividends to its shareholders, the Company shall make distribution to the holders of Perpetual Capital Securities I at the distribution rate as defined in the subscription agreement.

On 27 July 2016, a subsidiary of the Company issued another PRC perpetual capital securities (the “Perpetual Capital Securities II”) with the aggregate principal amount of RMB1,100,000,000. Net proceeds after deducting the issuance cost amounted to RMB1,093,716,000. The Perpetual Capital Securities II do not have maturity date and the distribution payments can be deferred at the discretion of the Company. Therefore, the Perpetual Capital Securities II are classified as equity instruments and recorded in equity in the consolidated balance sheet. When the Company elects to declare dividends to its shareholders, the subsidiary shall make distribution to the holders of Perpetual Capital Securities at the distribution rate as defined in the subscription agreement.

Movement of the Perpetual Capital Securities is as follows:

	Principal	Distribution	Total
Balance as at 1 January 2016	4,321,938	166,721	4,488,659
Insurance of perpetual capital securities	1,093,716	–	1,093,716
Profit attributable to holders of Perpetual Capital Securities	–	415,263	415,263
Distribution made to holders of Perpetual Capital Securities	–	(379,510)	(379,510)
Redemption of perpetual capital securities	(20,625)	–	(20,625)
Balance as at 31 December 2016	5,395,029	202,474	5,597,503
Balance as at 1 January 2017	5,395,029	202,474	5,597,503
Profit attributable to holders of Perpetual Capital Securities	–	472,663	472,663
Distribution made to holders of Perpetual Capital Securities	–	(478,867)	(478,867)
Redemption of perpetual capital securities	(61,875)	–	(61,875)
Balance as at 31 December 2017	5,333,154	196,270	5,529,424

Note

- (a) As at 31 December 2017, the Company already redeemed certain portion of the outstanding Perpetual Capital Securities II at a redemption price totally RMB61,875,000. No redemption premium was recognised in the consolidated income statement.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

27 Borrowings

	2017	2016
Borrowings included in non-current liabilities:		
Senior notes (note (a))		
— Senior notes issued in 2012 (“2012 Senior Notes”) (note (a)(i))	–	4,847,305
— Senior notes issued in 2014 (“2014 Senior Notes I”) (note (a)(ii))	–	3,420,468
— Senior notes issued in 2014 (“2014 Senior Notes II”) (note (a)(iii))	–	1,985,130
— Senior notes issued in 2015 (“2015 Senior Notes”) (note (a)(iv))	3,230,937	3,422,665
— Senior notes issued in 2017 (“2017 Senior Notes”) (note (a)(v))	1,283,972	–
PRC corporate bonds (note (b))	11,753,036	8,739,290
Asset-backed securities (note (c))	1,053,952	795,386
Long-term syndicated loans		
— secured (note (d))	5,586,375	2,275,000
— unsecured (note (e))	5,530,541	5,869,958
Long-term bank borrowings		
— secured (note (d))	15,673,475	7,060,388
— unsecured (note (e))	4,165,852	1,950,334
Other borrowings		
— secured (note (d))	4,957,000	2,365,000
— unsecured (note (e))	1,001,250	–
Less: current portion of non-current borrowings	(19,707,386)	(11,550,016)
	34,529,004	31,180,908
Borrowings included in current liabilities:		
Short-term bank borrowings		
— secured (note (d))	2,666,301	–
— unsecured (note (e))	–	1,265,000
Short-term other borrowings		
— secured (note (d))	2,100,000	–
— unsecured (note (e))	2,672,548	–
Current portion of non-current borrowings	19,707,386	11,550,016
	27,146,235	12,815,016
Total borrowings	61,675,239	43,995,924

Notes:

(a) Senior notes

The senior notes are jointly guaranteed by certain subsidiaries of the Group and are secured by pledges of the shares of these subsidiaries. The net assets of these subsidiaries are approximately RMB1,866,549,000 as at 31 December 2017 (2016: RMB2,708,048,000).

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

27 Borrowings (continued)

Notes: (continued)

(a) Senior notes (continued)

(i) 2012 Senior Notes

On 20 March 2012, the Company issued 9.875% senior notes with an aggregated nominal value of US\$700,000,000 (equivalent to RMB4,406,841,000) at face value. The net proceeds, after deducting the issuance costs, amounted to US\$686,993,000 (equivalent to RMB4,324,896,000). The 2012 Senior Notes will mature in March 2017. The Company, at its option, can redeem all or a portion of the 2012 Senior Notes at any time prior to the maturity date at the redemption prices plus accrued and unpaid interest up to the redemption date.

On 20 March 2017 (the "Redemption Date I"), the Company redeemed the outstanding 2012 Senior Notes in full at a redemption price equal to 100% of the principal amount of the 2012 Senior Notes and the accrued and unpaid interest as of the Redemption Date I. There is no redemption premium recognised in the consolidated income statement.

(ii) 2014 Senior Notes I

On 18 February 2014, the Company issued 8.375% senior notes with an aggregated nominal value of US\$500,000,000 (equivalent to RMB3,055,150,000) at 99.499% of face value. The net proceeds, after deducting the issuance costs, amounted to US\$487,500,000 (equivalent to RMB2,975,572,000). The 2014 Senior Notes I will mature on 18 February 2019. The Company, at its option, can redeem all or a portion of the 2014 Senior Notes I at any time prior to the maturity date at the redemption prices plus accrued and unpaid interest up to the redemption date.

On 14 September 2017, the Company redeemed the outstanding 2014 Senior Notes I in full at a redemption price plus redemption premium equal to 104.1875% of the principal amount of the 2014 Senior Notes I and the accrued and unpaid interest as of the Redemption Date I. There is US\$20,937,500 (equivalent to RMB137,997,000) redemption premium recognised in the consolidated income statement.

(iii) 2014 Senior Notes II

On 28 February 2014, the Company issued 6.50% senior notes with an aggregated nominal value of RMB2,000,000,000 at 99.33% of the face value. The net proceeds, after deducting the issuance costs, amounted to RMB1,961,000,000. The 2014 Senior Notes II will mature on 28 February 2017. The Company, at its option, can redeem all or a portion of the 2014 Senior Notes II at any time prior to the maturity date at the redemption prices plus accrued and unpaid interest up to the redemption date.

On 28 February 2017 (the "Redemption Date II"), the Company redeemed the outstanding 2014 Senior Notes II in full at a redemption price equal to 100% of the principal amount of the 2014 Senior Notes II and the accrued and unpaid interest as of the Redemption Date II. There is no redemption premium recognised in the consolidated income statement.

(iv) 2015 Senior Notes

On 21 May 2015, the Company issued 9% senior notes with an aggregated nominal value of US\$500,000,000 (equivalent to approximately RMB3,056,850,000) at 99.507% of the face value. The net proceeds, after deducting the issuance costs, amounted to US\$490,391,000 (equivalent to approximately RMB2,998,104,000). The 2015 Senior Notes will mature on 21 May 2020. The Company, at its option, can redeem all or a portion of the 2015 Senior Notes at any time prior to the maturity date at the redemption prices plus accrued and unpaid interest up to the redemption date.

(v) 2017 Senior Notes

On 14 August 2017, the Company issued 5.125% senior notes with an aggregated nominal value of US\$200,000,000 (equivalent to approximately RMB1,332,020,000) at face value. The net proceeds, after deducting the issuance costs, amounted to US\$196,125,000 (equivalent to approximately RMB1,306,210,000). The 2017 Senior Notes will mature on 14 August 2022. The Company, at its option, can redeem all or a portion of the 2017 Senior Notes at any time prior to the maturity date at the redemption prices plus accrued and unpaid interest up to the redemption date.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

27 Borrowings (continued)

Notes: (continued)

(b) PRC Corporate Bonds

On 11 January 2016, a PRC subsidiary (the "Issuer") of the Company issued 4.7% corporate bonds with an aggregate amount of RMB1,600,000,000. The net proceeds, after deducting the issuance costs, amounted to approximately RMB1,584,080,000. The bonds will mature on 11 January 2021. The Issuer shall be entitled to adjust the coupon rate at the end of third year whereas the investors shall be entitled to sell back in whole or in part the bonds.

On 29 April 2016, the Issuer issued 5.8% non-public corporate bonds with an aggregate amount of RMB1,200,000,000. The net proceeds, after deducting the issuance costs, amounted to approximately RMB1,189,200,000. The bonds will mature on 29 April 2020. The Issuer shall be entitled to adjust the coupon rate at the end of second year whereas the investors shall be entitled to sell back in whole or in part the bonds.

On 29 July 2016, the Company issued 4.98% corporate bonds with an aggregate amount of RMB3,000,000,000. The net proceeds, after deducting the issuance costs, amounted to approximately RMB2,970,000,000. The bonds will mature on 29 July 2020. The Company shall be entitled to adjust the coupon rate at the end of second year whereas the investors shall be entitled to sell back in whole or in part the bonds.

On 11 October 2016, the Company issued 4.6% and 5.7% corporate bonds with an aggregate amount of RMB1,800,000,000 and RMB1,200,000,000, respectively. The net proceeds, after deducting the issuance costs, amounted to approximately RMB1,787,250,000 and RMB1,192,500,000, respectively. The bonds will mature on 11 October 2021 and 11 October 2023, respectively. The Company shall be entitled to adjust the coupon rate at the end of the third and the fifth year respectively whereas the investors shall be entitled to sell back in whole or in part the bonds.

On 12 July 2017, the Company issued 6.98% corporate bonds with an aggregate amount of RMB3,000,000,000. The net proceeds, after deducting the issuance costs, amounted to approximately RMB2,976,735,000. The bonds will mature on 12 July 2020. The Company shall be entitled to adjust the coupon rate at the end of second year whereas the investors shall be entitled to sell back in whole or in part the bonds.

(c) Asset-backed securities

(i) Property Management Asset-backed securities

A PRC subsidiary of the Company engaged in property management entered into Property management asset-backed securities ("PM ABS") arrangement with an assets management company by pledging of the future 5 years' right of receiving management fee for certain properties under its management. On 26 February 2016, the PM ABS was formally established with an aggregate nominal value of RMB1,100,000,000, with a 5-year maturity, amongst which RMB100,000,000 was subordinate securities purchased by the PRC subsidiary as original equity holder. The net proceeds from the PM ABS, after deducting the issuance costs and the subordinate securities purchased by the PRC subsidiary, amounted to approximately RMB975,200,000. The Group has fully redeemed PM ABS as at 31 December 2017.

(ii) Panyu Asset-backed securities

A PRC subsidiary of the Company engaged in property development entered into Panyu asset-backed securities ("Panyu ABS") arrangement with an assets management company by pledging of the receivables for certain properties under its management. On 1 September 2017, the Panyu ABS was formally established with an aggregate nominal value of RMB1,111,500,000, with a 3-year maturity, amongst which RMB55,000,000 was subordinate securities purchased by the PRC subsidiary as original equity holder. The net proceeds from the Panyu ABS, after deducting the issuance costs and the subordinate securities purchased by the PRC subsidiary, amounted to approximately RMB1,053,653,000.

(d) As at 31 December 2017, the Group's borrowings were secured by certain of its cash, land use rights, self-used properties, completed properties held for sale, properties under development, investment properties and the shares of subsidiaries and equity interests.

(e) As at 31 December 2017, the unsecured borrowings of RMB15,068,868,000 were jointly guaranteed by certain subsidiaries of the Group.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

27 Borrowings (continued)

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the end of the year are as follows:

	2017	2016
6 months or less	18,827,452	12,540,711
6-12 months	15,096,340	5,879,971
1-5 years	27,751,447	25,575,242
	61,675,239	43,995,924

The carrying amounts of the borrowings with the respective effective interest rates:

	2017		2016	
	RMB'000	Effective interest rate	RMB'000	Effective interest rate
Senior notes	4,514,909	9.79%	13,675,568	10.91%
Bank borrowings, syndicated loans and other borrowings	57,160,330	5.52%	30,320,356	6.41%
	61,675,239		43,995,924	

The carrying amounts and fair value of the non-current borrowings are as follows:

	2017		2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Senior notes (note(i))	4,514,909	4,816,947	6,843,133	7,331,715
PRC public corporate bond (note(ii))	1,594,267	1,568,000	1,588,972	1,590,370
Bank borrowings, syndicated loans and other borrowings and others (note (iii))	28,419,828	28,419,828	22,748,803	22,748,803
	34,529,004	34,804,775	31,180,908	31,670,888

Notes:

- (i) The fair value of senior notes is determined directly by references to the price quotations published by the Singapore Exchange Limited and The Stock Exchange of Hong Kong Limited on 31 December 2017, the last dealing date of 2017 and is within level 1 of the fair value hierarchy.
- (ii) The fair value of RMB1,600,000,000 PRC corporate bond is determined directly by references to the price quotations published by the China Securities Index Co., Ltd on 31 December 2017, the last dealing date of 2017 and is within level 1 of the fair value hierarchy.
- (iii) The fair values of non-current bank borrowings, syndicated loans, other borrowings and others approximate their carrying amount as the impact of discounting is not significant. The fair values are based on cash flows discounted at the average borrowing rate of 5.84% (2016: 6.09%), and are within level 2 of the fair value hierarchy.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

27 Borrowings (continued)

At 31 December 2017, the Group's borrowings were repayable as follows:

	2017	2016
Within 1 year	27,146,235	12,815,016
Between 1 and 2 years	13,331,543	10,865,904
Between 2 and 5 years	15,597,739	15,620,004
Over 5 years	5,599,722	4,695,000
	61,675,239	43,995,924

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2017	2016
US dollar	6,003,501	11,690,438
HK dollar	13,217,466	7,228,543
Renminbi	41,806,931	24,482,885
MYR	647,341	594,058
	61,675,239	43,995,924

The Group has the following undrawn borrowing facilities:

	2017	2016
Floating rate:		
— Expiring beyond one year	8,605,234	2,399,921

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

28 Deferred income tax

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	2017	2016
Deferred income tax assets to be recovered after more than 12 months	962,106	776,604
Deferred income tax assets to be recovered within 12 months	194,611	97,636
Set-off of deferred tax liabilities pursuant to set-off provisions	(169,957)	(174,965)
	986,760	699,275
Deferred tax income liabilities to be settled after more than 12 months	(1,331,097)	(1,312,132)
Deferred tax income liabilities to be settled within 12 months	(13,455)	–
Set-off of deferred tax liabilities pursuant to set-off provisions	169,957	174,965
	(1,174,595)	(1,137,167)
Deferred income tax liabilities, net	(187,835)	(437,892)

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Deferred tax assets – tax losses	Deferred tax assets – write-down of completed properties held for sale and properties under development	Deferred tax assets – unrealised profit on intra-group transactions	Deferred tax liabilities – excess of carrying amount of investment properties and property, plant and equipment over the tax bases	Deferred tax liabilities – excess of carrying amount of intangible assets over the tax bases	Deferred tax liabilities – excess of fair value of financial assets over the tax bases	Deferred tax liabilities – excess of carrying amount of land use right over the tax bases	Net
At 1 January 2016	562,124	30,912	51,483	(1,062,280)	–	–	(255,829)	(673,590)
Credited/(charged) to the consolidated income statement	214,480	4,082	11,159	(1,592)	–	–	7,569	235,698
At 31 December 2016	776,604	34,994	62,642	(1,063,872)	–	–	(248,260)	(437,892)
Acquisition of a subsidiary (note 41)	748	–	–	–	(23,750)	–	–	(23,002)
Credited/(charged) to the consolidated income statement	71,579	78,181	131,969	8,671	1,653	(26,543)	7,549	273,059
At 31 December 2017	848,931	113,175	194,611	(1,055,201)	(22,097)	(26,543)	(240,711)	(187,835)

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related benefit through the future taxable profits is probable. The Group did not recognise deferred tax assets of RMB259,367,000 (2016: RMB193,337,000) in respect of tax losses amounting to RMB1,037,468,000 (2016: RMB773,348,000) that can be carried forward against future taxable income. Tax losses of approximately RMB42,256,000, RMB137,856,000, RMB525,860,000 and RMB331,496,000 will expire in 2019, 2020, 2021 and 2022 respectively.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

28 Deferred income tax (continued)

Deferred income tax liabilities of RMB1,252,417,000 (2016: RMB1,287,315,000) have not been recognised for the withholding tax that would be payable on the unremitted earnings amounted to RMB25,048,340,000 (2016: RMB25,746,300,000) of certain subsidiaries. Such earnings are expected to be retained by the PRC subsidiaries for reinvestment purposes and would not be remitted to the overseas intermediate holding companies in the foreseeable future based on management's estimation of overseas funding requirements.

29 Trade and other payables

	2017	2016
Trade payables (note (a))	13,778,090	12,473,834
Other payables due to:		
— Related parties (note 45 (c))	3,386,339	3,086,633
— Third parties	2,282,098	3,208,254
Staff welfare benefit payable	583,285	279,262
Accruals	1,567,254	1,273,651
Other taxes payable	1,666,886	780,326
	23,263,952	21,101,960

Notes:

(a) The ageing analysis of the trade payables of the Group as at 31 December 2017 and 2016 is as follows:

	2017	2016
Within 90 days	11,550,349	10,732,805
Over 90 days and within 180 days	1,731,714	1,402,486
Over 180 days and within 365 days	391,199	250,759
Over 365 days	104,828	87,784
	13,778,090	12,473,834

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

30 Other gains/(losses), net

	2017	2016
Fair value gains on financial assets at fair value through profit or loss (note 15)	160,865	–
Fair value gains on investment properties(note 9)	4,376	42,960
Exchange losses, net (note (a))	(140,647)	(16,770)
Losses/Reversal of gains on disposal of property, plant and equipment and investment properties	(16,716)	(317,938)
Others	32,171	–
	40,049	(291,748)

Note:

- (a) Amount mainly represents the loss of translation of financial assets and liabilities, which are denominated in foreign currency into RMB at the prevailing period-end exchange rate. It does not include the exchange gain or loss related to borrowings which are included in the “finance costs, net” (note 35).

31 Other income

	2017	2016
Interest income (note (a))	284,371	145,769
Interest income from related parties (note 45(b))	149,383	–
Forfeited deposits from customers	30,391	41,968
Miscellaneous	106,340	90,925
	570,485	278,662

Note:

- (a) Interest income was derived from bank deposit and wealth management products from reputable PRC banks with interest rate and a short term maturity of approximately 13 to 36 days.

32 Other expenses

	2017	2016
Charitable donations	168,946	81,064
Early redemption cost of senior notes and PM ABS	150,997	–
Miscellaneous	76,690	114,816
	396,633	195,880

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

33 Expenses by nature

	2017	2016
Cost of properties sold – including construction cost, land cost and capitalised interests	28,371,626	31,143,528
Employee benefit expenses – including directors' emoluments (note 34)	2,233,065	1,834,550
— property development	1,146,529	921,756
— property management	773,371	684,651
— hotel operations	255,016	228,143
— others	58,149	–
Commission fee	1,122,773	900,521
Advertising costs	620,694	887,687
Depreciation (note 6)	504,378	464,083
Business taxes and other levies on sales of properties (note (a))	394,444	1,068,609
Other taxes	343,955	285,432
Utilities	173,374	151,330
Cleaning expenses	138,891	131,846
Maintenance costs	85,448	75,805
Operating lease payments	67,109	59,431
Amortisation of land use rights (note 7)	62,944	52,585
Auditors' remuneration	15,971	12,568
— Audit services	8,500	7,000
— Other reporting accountant services	1,300	–
— Non-audit services	6,171	5,568
Amortisation of intangible assets (note 8)	17,517	11,485
Others	1,070,624	789,872
Total cost of sales, selling and marketing costs and administrative expenses	35,222,813	37,869,332

Note:

- (a) The Group was subject to business taxes of 5% and other levies on their revenues from sales of properties in the PRC by 30 April 2016. Effective from 1 May 2016, the proceeds arising from sales of properties in PRC are subject to value added taxes other levies.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

34 Employee benefit expense

	2017	2016
Wages and salaries	1,894,238	1,580,285
Pension costs — statutory pension (note (a))	134,671	99,138
Staff welfare	55,107	33,247
Medical benefits	33,863	27,094
Other allowances and benefits	115,186	94,786
	2,233,065	1,834,550

Notes:

- (a) Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees.
- (b) Five highest paid individuals
The five individuals whose emoluments were the highest in the Group for the year include two (2016: two) directors whose emoluments are reflected in the analysis shown in note 50. The emoluments payable to the remaining three (2016: three) individuals during the year are as follows:

	2017	2016
Salaries and bonuses	24,623	15,724

The emoluments fell within the following bands:

	Number of individuals	
	2017	2016
Emolument bands (in HK dollar)		
HK\$3,500,001 – HK\$4,000,000	–	1
HK\$5,500,001 – HK\$6,000,000	–	1
HK\$7,000,001 – HK\$7,500,000	–	–
HK\$7,500,001 – HK\$8,000,000	1	–
HK\$8,500,001 – HK\$9,000,000	1	–
HK\$9,000,001 – HK\$9,500,000	–	1
HK\$10,000,001 – HK\$10,500,000	–	–
HK\$11,000,001 – HK\$11,500,000	–	–
HK\$11,500,001 – HK\$12,000,000	1	–

- (c) During the years ended 31 December 2017 and 2016, no emolument was paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of offices.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

35 Finance costs, net

	2017	2016
Interest expense:		
— Bank borrowings, syndicated loans and other borrowings	(1,927,867)	(1,551,116)
— Senior notes	(740,783)	(1,440,313)
— PRC Corporate Bonds and ABS	(644,624)	(283,905)
Less: interest capitalised	2,050,016	2,638,341
Exchange gains/(losses) from borrowings	1,186,418	(1,200,461)
Less: exchange losses capitalised	—	150,556
Changes in fair value of derivative financial instruments (note 14)	(821,834)	562,367
	(898,674)	(1,124,531)

36 Income tax expenses

	2017	2016
Current income tax:		
— PRC corporate income tax	3,548,589	2,207,745
— PRC land appreciation tax	5,289,831	2,609,851
— PRC withholding income tax	523,175	(148,418)
Deferred income tax (note 28)		
— PRC corporate income tax	(299,602)	(235,698)
— Hong Kong profit tax	26,543	—
	9,088,536	4,433,480

The income tax on the Group's profit before tax differs from the theoretical amount that would arise using the enacted tax rate of the home countries or regions of the group entities as follows:

	2017	2016
Profit before income tax	15,868,814	7,483,114
Tax calculated at tax rates applicable to profits in the respective entities of the Group	3,953,530	1,870,779
Tax effects of:		
— Associates' results reported net of tax	(21,488)	844
— Joint ventures' results reported net of tax	(20,847)	(2,613)
— Income not subject to income tax (note (a))	(35,947)	(144,729)
— Expenses not deductible for income tax (note (b))	639,866	768,764
— PRC land appreciation tax deductible for calculation of income tax purposes	(1,322,458)	(652,463)
— Tax losses for which no deferred income tax asset was recognised	82,874	131,465
PRC corporate income tax	3,275,530	1,972,047
PRC withholding income tax	523,175	(148,418)
PRC land appreciation tax	5,289,831	2,609,851
	9,088,536	4,433,480

(All amounts in RMB thousands unless otherwise stated)

36 Income tax expenses (continued)

Notes:

- (a) Income not subject to income tax for the years ended 31 December 2017 and 2016 mainly comprise the interest income of bank deposits.
- (b) Expenses not deductible for income tax for the years ended 31 December 2017 mainly comprise administrative expense of domestic companies over deduction limits, donations made to non-official public welfare institutions, exchange loss and expenses of the group entities in Hong Kong and Malaysia (2016: same).

PRC land appreciation tax

PRC land appreciation tax is levied at progressive rate ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including land use rights and expenditures directly related to property development activities.

PRC corporate income tax

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

The corporate income tax rate applicable to the Group entities located in Mainland China is 25% according to the Corporate Income Tax Law of the People's Republic of China (the "CIT Law") effective on 1 January 2008.

PRC withholding income tax

According to the CIT Law, starting from 1 January 2008, a withholding tax of 10% will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. A lower of 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong and fulfill requirements under the tax treaty arrangements between the PRC and Hong Kong.

During the year ended 31 December 2017, certain immediate holding companies of the PRC subsidiaries of the Group became qualified as Hong Kong resident enterprises and fulfill the requirements under the tax treaty arrangements between the PRC and Hong Kong. Therefore 5% withholding tax rate has been applied.

Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 of Cayman Islands and accordingly, is exempted from Cayman Islands income tax. Group entities in the British Virgin Islands were incorporated either under the BVI Business Companies Act or were automatically re-registered under the same act on 1 January 2007 and, accordingly, are exempted from British Virgin Islands income tax.

Hong Kong profits tax

Except for provision for the fair value gains of financial assets at fair value through profit or loss, no other provision for Hong Kong profits tax has been made in the consolidated financial statements. The remaining profit of the group entities in Hong Kong is mainly derived from dividend income and interest income of bank deposits, which are not subject to Hong Kong profits tax.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

37 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year less shares held for Share Award Scheme.

	2017	2016
Profit attributable to shareholders of the Company	6,025,244	2,283,640
Weighted average number of ordinary shares in issue less shares held for Share Award Scheme (thousands)	3,882,578	3,882,578
Basic earnings per share (RMB per share)	1.552	0.588

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. From the years ended 31 December 2017 and 2016, there was no diluted potential ordinary share, diluted earnings per share equally to basic earnings per share.

38 Dividends

	2017	2016
Interim dividend paid of HK\$0.22 (2016: nil) per ordinary share (note (a))	740,881	–
Less: Dividend for shares held for Share Award Scheme	(6,269)	–
	734,612	–
Proposed final dividend of HK\$0.68 (2016: HK\$0.20) per ordinary share (note (b))	2,147,921	694,516
Distributed special dividend (2016: HK\$0.25) per ordinary share (note (b))	–	868,145
Less: Dividend for shares held for Share Award Scheme	(18,902)	(13,660)
	2,129,019	1,549,001

Notes:

- (a) An interim dividend in respect of the six months ended 30 June 2017 of HK\$0.22 per ordinary share, approximately HK\$861,750,000 (equivalent to RMB740,881,000) was declared by the Board of Directors of the Company (2016: nil).
- (b) A final dividend in respect of 2016 of HK\$0.20 per ordinary share and a special dividend of HK\$0.25 per ordinary share, approximately HK\$1,762,671,000 (equivalent to RMB1,562,661,000) was declared at the Annual General Meeting of the Company on 8 May 2017, of which HK\$15,512,000 (equivalent to RMB13,660,000) was declared for shares held by Share Award Scheme. The final dividend has been distributed out of the Company's retained earnings and the special dividend has been distributed out of the Company's share premium.

A final dividend in respect of 2017 of HK\$0.68 per ordinary share have been proposed by the Board of Directors of the Company and are subject to the approval of the shareholders at the Annual General Meeting to be held on 14 May 2018. The final dividend will be distributed out of the Company's retained earnings. These consolidated financial statements have not reflected these dividends payable.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

39 Cash flow information

(a) Cash generated from operations

	2017	2016
Profit for the year	6,780,278	3,049,634
Adjustments for:		
Taxation	9,088,536	4,433,480
Interest income (note 31)	(433,754)	(145,769)
Depreciation (note 6)	504,378	464,083
Amortisation of intangible assets (note 8)	17,517	11,485
Amortisation of land use rights (note 7)	62,944	52,585
Write-down of completed properties held for sale and properties under development	312,722	16,328
Losses/Reverse of gains on disposal of investment properties and property, plant and equipment	16,716	317,938
Net exchange losses	140,647	16,770
Fair value gains on investment properties	(4,376)	(42,960)
Share of post-tax (gains)/losses of associates	(85,953)	3,375
Share of post-tax gains of joint ventures	(83,388)	(10,453)
Finance costs, net (note 35)	898,674	1,124,531
Fair value gains or losses through profit and loss	(160,865)	–
Redemption cost	150,997	–
Changes in working capital:		
Property under development and completed properties held for sales	(14,924,037)	9,032,755
Prepayments for acquisition of land use rights	3,851,546	(4,073,603)
Restricted cash	32,559	(4,430,184)
Trade and other receivables	(5,611,628)	(2,148,548)
Trade and other payables and accruals	3,779,410	3,833,561
Advanced proceeds received from customers	8,843,539	3,506,856
Cash generated from operations	13,176,462	15,011,864

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

39 Cash flow information (continued)

(b) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the year presented.

Net debt

	2017	2016
Cash and cash equivalents	19,041,948	12,431,884
Financial assets at fair value through profit or loss	1,204,478	–
Borrowings – repayable within one year	(27,146,235)	(12,815,016)
Borrowings – repayable after one year	(34,529,004)	(31,180,908)
Net debt	(41,428,813)	(31,564,040)
Cash and cash equivalents	19,041,948	12,431,884
Financial assets at fair value through profit or loss	1,204,478	–
Gross debt – fixed interest rates	(27,051,445)	(25,568,924)
Gross debt – variable interest rates	(34,623,794)	(18,427,000)
Net debt	(41,428,813)	(31,564,040)

The reconciliation of liabilities arising from financial activities is as follows:

	Borrowings	Other payables-related parties	Dividends	Total
As at 1 January, 2017	43,995,924	3,086,633	351	47,082,908
Cash flows				
— Inflow from financing activities	44,555,587	560,018	–	45,115,605
— Outflow from financing activities	(25,961,416)	(260,312)	(2,283,613)	(28,505,341)
Non-cash changes				
— Finance expense recognised	(785,146)	–	–	(785,146)
— Other expenses	(150,997)	–	–	(150,997)
— Accrued dividends	–	–	2,283,613	2,283,613
— Other non-cash movement	21,287	–	17	21,304
As at 31 December, 2017	61,675,239	3,386,339	368	65,061,946

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

40 Transactions with non-controlling interests

(a) Acquisition of additional interest in a subsidiary

On 9 May 2017, Crown Golden Investments Limited (now known as Hainan Clearwater Bay Holdings Limited (“Hainan Clearwater Bay”), a subsidiary of the Company, entered into a sell and purchase agreement with the non-controlling interest shareholder, pursuant to which, Hainan Clearwater Bay would repurchase 30% of its own issued share held by the non-controlling interest shareholder at the consideration of US\$900,000,000 (approximately RMB6,099,382,000) and cancel the same shares subsequently (the “Transaction”).

On 20 July 2017, the Transaction was completed. The carrying amount of the non-controlling interests in Hainan Clearwater Bay on the date of acquisition was RMB2,531,300,000. The Group recognised a decrease in non-controlling interests of RMB2,531,300,000 and a decrease in other reserve of the Company of RMB3,568,082,000. The effect of changes in the ownership interest of Hainan Clearwater Bay on the equity attributable to owners of the Company during the year is summarised as follows:

Consideration paid to non-controlling interests	(6,099,382)
Carrying amount of non-controlling interests acquired	2,531,300
<hr/>	<hr/>
Excess of consideration paid recognised within equity (note 25)	(3,568,082)

As at 31 December 2017, the consideration had been fully settled.

(b) Changes in ownership interests in subsidiaries without change of control

On 26 July 2017, A-Living and Gongqingcheng A-Living Investment Management Limited Partnership (“Gongqingcheng Investment”) entered into a capital increase agreement, pursuant to which Gongqingcheng Investment agreed to subscribe for 8,000,000 shares of A-Living (“Shares”) at a consideration of RMB200,000,000 by way of capital injection in A-Living of the amount of such capital injection was paid up on 31 July 2017.

On 10 August 2017, Deluxe Star International Limited and Zhongshan A-Living Enterprise Management Services Co., Ltd. entered into respective capital increase agreements with each of Ningbo Lvjin Investment Management Co., Ltd (“Ningbo Lvjin”) and Greenland Financial Overseas Investment Group Ltd. (“Greenland Overseas”), pursuant to which Ningbo Lvjin and Greenland Overseas agreed to subscribe for 10,000,000 Shares and 10,000,000 Shares respectively at a subscription price of and RMB500,000,000 and HKD584,795,322 (approximately RMB498,637,000) respectively. The payment for the subscriptions was completed on 11 August 2017 and 15 August 2017, respectively.

The effect of changes in the ownership interest of A-Living on the equity attributable to owners of the Group during the year is summarised as follows:

Consideration received from non-controlling interests	1,198,637
Carrying amount of net asset attributed to non-controlling interests	(344,615)
<hr/>	<hr/>
Excess of consideration paid from non-controlling interests and recognised within equity (note 25)	854,022

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

41 Business combination

(a) Business combination of A-Living

On 30 June, 2017, A-Living completed its acquisition of 100% of the equity interests in Greenland Property Services at a consideration of RMB1,000,000,000.

Goodwill of RMB918,967,000 primarily arose from the expected future development of Greenland Property Services' business, improvement on market coverage, enriching the service portfolio, integrating value-added services, and improvement on management efficiency, etc.. Goodwill recognised is not expected to be deductible for income tax purposes.

The following table summarises the consideration paid for Greenland Property Services, the fair value of assets acquired, liabilities assumed at the acquisition date.

At 30 June, 2017

— Consideration (note (a))	1,000,000
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	18,818
Property, plant and equipment	84
Trademarks (included in other intangible assets) (note (b))	18,000
Customer relationship (included in other intangible assets) (note (b))	77,000
Deferred income tax assets	748
Inventories	45
Trade and other receivables	95,427
Trade and other payables	(103,891)
Deferred income tax liabilities	(23,750)
Current income tax liabilities	(1,448)
Total identifiable net assets	81,033
Goodwill (note 8)	918,967

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

41 Business combination (continued)

(a) Business combination of A-Living (continued)

- (i) As at 30 June 2017, 51% of the consideration (equivalent to RMB510,000,000) was paid by the Group. The remaining consideration of RMB490,000,000 was paid on 10 August 2017.
- (ii) Had Greenland Property Services been consolidated from 1 January 2017, the consolidated statements of comprehensive income for the year ended 31 December 2017 would show pro-forma revenue of RMB1,821,227,000 and profit of RMB295,473,000.
- (iii) Other intangible assets including trademarks of RMB18,000,000 and customer relationship of RMB77,000,000 in relation to the acquisition of Greenland Property Services have been recognised by the Group.
- (iv) Net cash outflow arising on acquisition during the year ended 31 December, 2017:

Cash consideration paid	(1,000,000)
Cash and cash equivalents acquired at the acquisition date	18,818
	<hr/>
	(981,182)

(b) Business combination of environmental companies

- (i) The Group acquired the equity interests of environmental companies by the total consideration of RMB732,091,000. Since the acquisitions of such environmental companies occurred in the second half year of 2017, management is in the view of accounting for the business combination using provisionally determined amounts for goodwill of RMB384,128,000 (note 8) arising from business combination, being the difference between the consideration paid and fair value of net assets acquired.
- (ii) Net cash outflow arising on acquisition during the year ended 31 December, 2017:

Cash consideration paid	(732,091)
Cash and cash equivalents acquired at the acquisition date	84,613
	<hr/>
	(647,478)

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

42 Financial guarantee

	2017	2016
Guarantee in respect of mortgage facilities for certain purchasers (note (a))	38,570,768	33,293,628
Guarantee in respect of borrowings of an associate (note (b) and note 45(b))	496,000	1,015,920
Guarantee in respect of borrowings of joint ventures (note (c) and note 45(b))	1,566,400	1,280,000
	40,633,168	35,589,548

Notes:

- (a) The Group has cooperated with certain financial institutions to arrange mortgage loan facilities for its purchasers of properties and provide guarantees to secure obligations of such purchasers for repayments. As at 31 December 2017, the outstanding guarantees amounted to RMB38,570,768,000 (2016: RMB33,293,628,000). Such guarantees will be discharged upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within one year after the purchasers take possession of the relevant property; and (ii) the satisfaction of relevant mortgage loan by purchasers.

The Group's proportionate interest in financial guarantee of mortgage facilities for certain purchasers relating to the associate was RMB964,312,000 as at 31 December 2017 (2016: RMB359,404,000).

The Group's proportionate interest in financial guarantee of mortgage facilities for certain purchasers relating to the joint ventures was RMB455,825,000 as at 31 December 2017 (2016: RMB523,884,000).

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with any accrued interests and penalties owed by the defaulted purchasers to the financial institutions, and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee starts from the dates the mortgagees grant the mortgage loans. No provision has been made for the guarantees as the management is of the view that the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interests and penalties in case of any default in payments.

- (b) The company and the other four PRC real estate developers have evenly provided certain guarantees, in proportion of their shareholding in Li He (note 10), in respect of loan facilities of Li He amounting to RMB2,480,000,000 (2016: RMB5,079,600,000), the Group's share of the guarantee amounted to RMB496,000,000 (2016: RMB1,015,920,000).
- (c) Several subsidiaries of the Group and joint venture counter parties have provided certain guarantees in proportion of their shareholding in certain joint ventures in respect of loan facilities amounting to RMB5,472,800,000 (2016: RMB4,810,000,000). The Group's share of the guarantees amounted to RMB1,566,400,000 (2016: RMB1,280,000,000).

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

43 Commitments

(a) Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2017	2016
Property, plant and equipment:		
— Not later than one year	73,602	34,998
— Later than one year and not later than five years	221,483	121,915
	295,085	156,913

	2017	2016
Lease of areas adjacent to the property development projects:		
— Not later than one year	800	750
— Later than one year and not later than five years	3,700	3,500
— Later than five years	30,000	31,000
	34,500	35,250

	2017	2016
Lease of the land use right for ancillary facilities:		
— Not later than one year	2,131	1,937
— Later than one year and not later than five years	8,525	8,452
— Later than five years	24,292	26,224
	34,948	36,613

(b) Other commitments

	2017	2016
Contracted but not provided for		
— Property development activities	23,772,937	21,013,061
— Acquisition of land use rights	6,430,182	762,214
	30,203,119	21,775,275

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

44 Future minimum rental payments receivable

The Group had future aggregate minimum lease rental receivables under non-cancellable operating leases as follows:

	2017	2016
Not later than one year	159,096	170,295
Later than one year and not later than five years	435,534	541,436
Over five years	213,554	305,826
	808,184	1,017,557

45 Related party transactions

(a) Name and relationship with related parties

Name	Relationship
Top Coast Investment Limited	The ultimate holding Company of the Group
The Founding Shareholders, including Mr. Chen Zhuo Lin, Mr. Chan Cheuk Yin, Ms. Luk Sin Fong, Fion, Mr. Chan Cheuk Hung, Mr. Chan Cheuk Hei, and Mr. Chan Cheuk Nam (the "Founding Shareholders")	The Founding Shareholders are also the directors of the Company
Zhongshan Changjiang Golf Course (note (i)) 中山長江高爾夫球場	Controlled by the Founding Shareholders
Zhongshan Agile Changjiang Hotel Co., Ltd. (note (i)) 中山市雅居樂長江酒店有限公司	Controlled by the Founding Shareholders
Guangzhou Li He Property Development Co., Ltd. ("Li He") (note (i)) 廣州利合房地產開發有限公司	Associate of the Group
Tianjin Jinnan Xincheng Real Estate Development Company Limited ("Tianjin Jinnan") (note (i)) 天津津南新城房地產開發有限公司	Joint venture of the Group
Zhongshan Yahong Real Estate Development Co., Ltd. ("Zhongshan Yahong") (note (i)) 中山市雅鴻房地產開發有限公司	Joint venture of the Group
Guangzhou Huadu Yazhan Realty Development Co., Ltd. ("Huadu Yazhan") (note (i)) 廣州花都雅展房地產開發有限公司	Joint venture of the Group
Changsha Shangcheng Land Co., Ltd. ("Changsha Shangcheng") (note (i)) 長沙上城置業有限公司	Joint venture of the Group

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

45 Related party transactions (continued)

(a) Name and relationship with related parties (continued)

Name	Relationship
Guangxi Fuya Investments Ltd. ("Guangxi Fuya") (note (i)) 廣西富雅投資有限公司	Joint venture of the Group
Charm Talent Limited ("Charm Talent") 煌迪有限公司	Joint venture of the Group
Zhongshan Shiguang Chuangjian Real Estate Development Co., Ltd. ("Shiguang Zhiye") (note (i)) 中山市世光創建置業有限公司	Joint venture of the Group
Zhongshan Haide Real Estate Development Co., Ltd. ("Zhongshan Haide") (note (i)) 中山市海德房地產開發有限公司	Joint venture of the Group
Zhongshan Dongcheng Development Co., Ltd ("Zhongshan Dongcheng") (note (i)) 中山市東城實業發展有限公司	Joint venture of the Group
Zhongshan Mingtai Real Estate Development Co., Ltd. (Zhongshan Mingtai") (note (i)) 中山市名泰房地產開發有限公司	Joint venture of the Group
Suzhou Agile Property Development Co., Ltd ("Suzhou Agile") (note (i)) 蘇州雅居樂置業有限公司	Joint venture of the Group
Foshan Yazhan Real Estate Development Co., Ltd ("Foshan Yazhan") (note (i)) 佛山雅展房地產開發有限公司	Joint venture of the Group
Wuhan Changkai Property Development Co., Ltd ("Wuhan Changkai") (note (i)) 武漢長凱物業發展有限公司	Joint venture of the Group
Shanghai Canzhou Environment Engineering Co., Ltd ("Shanghai Canzhou") (note(i)) 上海燦州環境工程有限公司	Joint venture of the Group
Zhongshan Zhili Land Co., Ltd ("Zhongshan Zhili") (note(i)) 中山市志力置業有限公司	Joint venture of the Group

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

45 Related party transactions (continued)

(a) Name and relationship with related parties (continued)

Name	Relationship
Zhongshan Jucheng Property Development Co., Ltd. ("Zhongshan Jucheng") (note(i)) 中山市鉅成實業有限公司	Joint venture of the Group
Zhongshan Bosheng Real Estate Development Co., Ltd. ("Zhongshan Bosheng") (note(i)) 中山市鉅晟房地產開發有限公司	Joint venture of the Group
Zhongshan Wenhua Real Estate Co., Ltd. ("Zhongshan Wenhua") (note(i)) 中山市文華房地產有限公司	Joint venture of the Group
Zhongshan Minsen Real Estate Development Co., Ltd. ("Zhongshan Minsen") (note(i)) 中山市民森房地產發展有限公司	Joint venture of the Group
Hainan Yahong Travel Property Co., Ltd. ("Hainan Yahong") (note(i)) 海南雅宏旅遊置業有限公司	Joint venture of the Group
Hainan Yahai Travel Development Co., Ltd. ("Hainan Yahai") (note(i)) 海南雅海旅遊發展有限公司	Joint venture of the Group
Zhongshan Yingxuan Real Estate Development Co., Ltd. ("Zhongshan Yingxuan") (note(i)) 中山市盈軒房地產開發有限公司	Joint venture of the Group
Changzhou Yajing Real Estate Development Co., Ltd. ("Changzhou Yajing") (note(i)) 常州雅勁房地產開發有限公司	Joint venture of the Group
Zhongshan Hehua Hotel Co., Ltd. ("Zhongshan Hehua") (note(i)) 中山市和華酒店有限公司	Joint venture of the Group
Gongqingcheng Investment 共青城投資	Controlled by a key management personnel of the Group

Note (i) The names of the companies represent management's best efforts at translating the Chinese names of these companies as no English names have been registered or available.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

45 Related party transactions (continued)

(b) Transactions with related parties

During the years ended 31 December 2017 and 2016, the Group had the following transactions with related parties, which are carried out in the normal course of the Group's business:

	2017	2016
Restaurant and hotel service fees charged by Zhongshan Agile Changjiang Hotel Co., Ltd.(note (i))	1,819	2,151
Golf facilities service fee charged by Zhongshan Changjiang Golf Course (note (i))	756	–
	2,575	2,151

	2017	2016
Interest income from related parties		
— Wuhan Changkai (note (ii))	81,031	–
— Hainan Yahai (note (ii))	53,285	–
— Foshan Yazhan (note (ii))	8,561	–
— Zhongshan Minsen (note (ii))	3,666	–
— Hainan Yahong (note (ii))	2,840	–
	149,383	–

	2017	2016
Providing guarantee for borrowings of related parties (note 42(c))		
— Li He	496,000	1,015,920
— Foshan Yazhan	250,000	–
— Tianjin Jinnan	1,170,000	1,125,000
— Guangxi Fuya	20,000	120,000
— Zhongshan Minsen	70,000	–
— Changsha Shangcheng	56,400	35,000
	2,062,400	2,295,920

Key management compensation

Key management includes executive directors and heads of major operational departments. The compensation paid or payable to key management for employee services is shown below:

	2017	2016
— Salaries and other short-term employee benefits	53,178	36,057
— Retirement scheme contributions	178	134
	53,356	36,191

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

45 Related party transactions (continued)

(b) Transactions with related parties (continued)

Notes:

- (i) Restaurant and hotel service fees, golf facilities service fee and rental fee were charged in accordance with the terms of the underlying agreements which, in the opinion of the directors, were determined with reference to the market price at the prescribed year. In the opinion of the directors of the Company, the above related party transactions were carried out in the normal course of business and at terms mutually negotiated between the Group and the respective related parties.
- (ii) Interest income were charged in accordance with the terms of the loan contracts which, in the agreement of the related parties and the Company.

(c) Balances with related parties

As at 31 December 2017 and 2016, the Group had the following significant non-trade balances with related parties:

	2017	2016
Due from an associate		
— Li He (note (i))	2,625,524	3,210,646
<hr/>		
	2017	2016
Due from joint ventures		
— Zhongshan Yahong (note (ii))	2,118	22,118
— Changsha Shangcheng (note (iii))	185,310	500,310
— Huadu Yazhan (note (ii))	–	251,982
— Guangxi Fuya (note (ii))	10,000	10,000
— Foshan Yazhan (note (iv))	145	240,336
— Shiguang Zhiye (note (v))	368,747	468,247
— Zhongshan Haide (note (v))	77,002	644,172
— Zhongshan Dongcheng (note (v))	28,176	28,176
— Zhongshan Mingtai (note (v))	31,888	31,888
— Zhongshan Zhili (note (iii))	123,123	–
— Zhongshan Jucheng (note (iii))	251,970	–
— Zhongshan Bosheng (note (iii))	210,664	–
— Zhongshan Wenhua (note (iii))	90,574	–
— Zhongshan Hehua (note (iii))	128,117	–
— Suzhou Agile (note (iii))	966,757	977,630
— Ruri Jiahe (note (ii))	–	458,696
— Charm Talent (note (ii))	75,946	80,483
— Zhongshan Minsen (note (v))	725,620	–
— Hainan Yahong (note (v))	75,026	–
— Hainan Yahai (note (v))	469,061	–
— Changzhou Yajing (note (ii))	1,393,071	–
— Zhongshan Yingxuan (note (ii))	203,310	–
	5,416,625	3,714,038

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

45 Related party transactions (continued)

(c) Balances with related parties (continued)

	2017	2016
Loan to a related party		
— Gongqingcheng Investment (note (vi))	190,000	—
Due to related parties		
— Top Coast Investment Limited (note (vii))	7,214	7,719
— Founding shareholders (note (viii))	92,820	92,820
— Wuhan Changkai (note (ii))	2,449,695	2,700,000
— Zhongshan Changjiang Golf Course (note (ii))	32	34
— Tianjin Jinnan (note (ii))	491,825	91,825
— Foshan Yazhan (note (ii))	—	9,500
— Huadu Yazhan (note (ii))	312,753	184,735
— Shanghai Canzhou (note (ii))	32,000	—
	3,386,339	3,086,633

Notes:

- (i) As at 31 December 2017, the balance due from Li He is cash advance in nature, which is unsecured interest free and expected to be received after 1 year.
- (ii) The balances are cash advances in nature, which are unsecured, interest-free and repayable on demand.
- (iii) The balances are cash advances in nature, which are unsecured, interest-free and repayable after 1 year.
- (iv) The balance is loan receivables from a joint venture, which is unsecured, interest bearing and repayable within 1 year. The effective interest rate is 4.35% per annum.
- (v) The balances are loan receivables from joint ventures, which are unsecured, interest bearing and repayable after 1 year. The average effective interest rate is 5.52% per annum.
- (vi) The balance is loan receivables from Gongqingcheng Investment, which is unsecured, interest bearing and repayable after 1 year. The effective interest rate is 4.90% per annum.
- (vii) Amounts due to Top Coast Investment Limited are cash advances in nature, which are unsecured, interest-free and repayable on demand.
- (viii) Amounts due to Founding Shareholders represent the consideration payable for acquisition of a hotel building.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

46 Ultimate holding company

The directors of the Company consider Top Coast Investment Limited, a company incorporated in the British Virgin Islands, to be the ultimate holding company of the Group.

47 Subsidiaries

(a) Particulars of principal subsidiaries of the Group at 31 December 2017 are set out below:

Name	Place of incorporation and legal status	Principal activities/ place of operation	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)
Directly held by the Company					
Eastern Supreme Group Holdings Limited (formerly named Eastern Supreme Group Limited)	British Virgin Islands (the "BVI")/limited liability Company	Investment holding/ Hong Kong	100%	100%	–
Indirectly held by the Company					
雅居樂雅生活服務股份有限公司 A-Living Services Co., Ltd.	PRC/foreign invested enterprise	Property management/ Mainland China	–	72%	28%
雅居樂地產置業有限公司 (前稱中山市雅居樂地產置業有限公司) Agile Property Land Co., Ltd. (formerly named Zhongshan Agile Property Land Co., Ltd)	PRC/wholly foreign owned enterprise	Management consultant/ Mainland China	–	100%	–
中山雅居樂雅景園房地產有限公司 Zhongshan Agile Majestic Garden Real Estate Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	–	100%	–
廣州番禺雅居樂房地產開發有限公司 Guangzhou Panyu Agile Realty Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	–	100%	–
廣州花都雅居樂房地產開發有限公司 Guangzhou Huadu Agile Realty Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	–	100%	–
佛山市南海區雅居樂房地產有限公司 Foshan Nanhai Agile Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	–	100%	–

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

47 Subsidiaries (continued)

(a) Particulars of principal subsidiaries of the Group at 31 December 2017 are set out below: (continued)

Name	Place of incorporation and legal status	Principal activities/ place of operation	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)
中山市凱茵豪園房地產開發有限公司 Zhongshan Greenville Realty Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	-	100%	-
中山市雅建房地產發展有限公司 Zhongshan Ever Creator Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	-	100%	-
廣州雅居樂房地產開發有限公司 Guangzhou Agile Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	-	100%	-
佛山市雅居樂房地產有限公司 Foshan Agile Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	-	100%	-
南京雅居樂房地產開發有限公司 Nanjing Agile Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	-	100%	-
河源市雅居樂房地產開發有限公司 Heyuan Agile Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	-	100%	-
海南清水灣控股有限公司 Hainan Clearwater Bay Holdings Limited	BVI/limited liability company	Investment holding/BVI	-	100%	-
海南雅居樂房地產開發有限公司 Hainan Agile Real Estate Development Co., Ltd. ("Hainan Agile") (note (i))	PRC/foreign invested enterprise	Property development/ Mainland China	-	100%	-
海南雅恒房地產發展有限公司 Hainan Yaheng Real Estate Development Co., Ltd. ("Hainan Yaheng") (note (i))	PRC/foreign invested enterprise	Property development/ Mainland China	-	100%	-

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

47 Subsidiaries (continued)

(a) Particulars of principal subsidiaries of the Group at 31 December 2017 are set out below: (continued)

Name	Place of incorporation and legal status	Principal activities/ place of operation	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)
廣州從化雅居樂房地產開發有限公司 Guangzhou Conghua Agile Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	–	100%	–
四川雅居樂房地產開發有限公司 Sichuan Agile Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	–	100%	–
佛山市三水雅居樂房地產有限公司 Foshan Sanshui Agile Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	–	100%	–
惠州白鷺湖旅遊實業開發有限公司 Huizhou Bailuhu Tour Enterprise Development Co., Ltd. (note (i))	PRC/foreign invested enterprise	Property development/ Mainland China	–	100%	–
陝西昊瑞房地產開發有限責任公司 Shanxi Haorui Real Estate Development Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	–	100%	–
上海靜安城投重慶置業有限公司 Shanghai Jing'an Chengtou Chongqing Land Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	–	100%	–
上海雅恒房地產開發有限公司 (前稱上海金昌房地產開發有限公司) Shanghai Yaheng Real Estate Development Co., Ltd. (formerly named Shanghai Jinchang Real Estate Development Co., Ltd.) (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	–	100%	–
廣州雅居樂酒店有限公司 Guangzhou Agile Hotel Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Hotel operation/ Mainland China	–	100%	–

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

47 Subsidiaries (continued)

(a) Particulars of principal subsidiaries of the Group at 31 December 2017 are set out below: (continued)

Name	Place of incorporation and legal status	Principal activities/ place of operation	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)
佛山雅居樂酒店有限公司 Foshan Agile Hotel Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Hotel operation/ Mainland China	-	100%	-
廣州雅恒房地產開發有限公司 Guangzhou Yaheng Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	-	100%	-
中山市雅信房地產開發有限公司 Zhongshan Yaxin Real Estate Development Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	-	100%	-
中山市雅創房地產開發有限公司 Zhongshan Yachuang Real Estate Development Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	-	100%	-
廣州雅生房地產開發有限公司 Guangzhou Yasheng Real Estate Development Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	-	100%	-
中山市雅景房地產開發有限公司 Zhongshan Yajing Real Estate Development Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	-	100%	-
廣州雅粵房地產開發有限公司 Guangzhou Yayue Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	-	100%	-
廣州雅騰房地產開發有限公司 Guangzhou Yateng Real Estate Development Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	-	100%	-
佛山市三水雅居樂雍園房地產有限公司 Foshan Sanshui Agile Majestic Garden Real Estate Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	-	100%	-

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

47 Subsidiaries (continued)

(a) Particulars of principal subsidiaries of the Group at 31 December 2017 are set out below: (continued)

Name	Place of incorporation and legal status	Principal activities/ place of operation	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)
廣東西樵商貿廣場有限公司 Guangdong Xiqiao Commerce Plaza Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	–	100%	–
南京江寧雅居樂房地產開發有限公司 Nanjing Jiangning Agile Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	–	100%	–
遼寧雅居樂房地產開發有限公司 Liaoning Agile Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	–	100%	–
西安雅居樂物業投資管理有限公司 Xi'an Agile Property Investment Management Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	–	100%	–
佛山市順德區雅居樂房地產有限公司 Foshan Shunde Agile Real Estate Development Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	–	100%	–
南京雅建置業有限公司 Nanjing Yajian Land Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	–	100%	–
常州雅居樂房地產開發有限公司 Changzhou Agile Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	–	100%	–
騰沖雅居樂旅遊置業有限公司 Tengchong Agile Resort Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	–	100%	–
海南雅航旅遊置業有限公司 Hainan Yahang Travel Property Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	–	100%	–

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

47 Subsidiaries (continued)

(a) Particulars of principal subsidiaries of the Group at 31 December 2017 are set out below: (continued)

Name	Place of incorporation and legal status	Principal activities/ place of operation	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)
惠州市惠陽雅居樂房地產開發有限公司 Huizhou Huiyang Agile Real Estate Development Co., Ltd (note (i))	PRC/limited liability Company	Property development/ Mainland China	-	100%	-
西雙版納雅居樂旅遊置業有限公司 (前稱：西雙版納雅居樂旅遊發展有限公司) Xishuangbanna Agile Resort Co., Ltd. (formerly named: Xishuangbanna Agile Resort Development Co., Ltd.) (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	-	100%	-
瑞麗雅居樂旅遊置業有限公司 Ruili Agile Resort Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	-	100%	-
西安曲江雅居樂房地產開發有限公司 Xi'an Qujiang Agile Real Estate Development Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	-	70%	30%
佛山市順德區雅新房地產開發有限公司 Foshan Shunde Yaxin Real Estate Development Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	-	100%	-
揚州雅居樂房地產開發有限公司 Yangzhou Agile Real Estate Development Co., Ltd. (note (i))	PRC/foreign invested enterprise	Property development/ Mainland China	-	100%	-
來安雅居樂房地產開發有限公司 Lai'an Agile Real Estate Development Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	-	100%	-
無錫雅居樂房地產開發有限公司 Wuxi Agile Real Estate Development Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	-	100%	-

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

47 Subsidiaries (continued)

(a) Particulars of principal subsidiaries of the Group at 31 December 2017 are set out below: (continued)

Name	Place of incorporation and legal status	Principal activities/ place of operation	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)
上海松江雅居樂房地產開發有限公司 Shanghai Songjiang Agile Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign owned enterprise	Property development/ Mainland China	-	100%	-
昆山市富恒房地產開發有限公司 Kunshan Fuheng Real Estate Development Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	-	100%	-
中山市雅尚房地產開發有限公司 Zhongshan Yashang Real Estate Development Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	-	100%	-
杭州余杭雅居樂房地產開發有限公司 Hangzhou Yuhang Agile Real Estate Development Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	-	100%	-
南京濱江雅居樂房地產開發有限公司 Nanjing Binjiang Agile Real Estate Development Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	-	100%	-
鄭州雅居樂房地產開發有限公司 Zhengzhou Agile Real Estate Development Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	-	60%	40%
佛山市南海區雅恒房地產開發有限公司 Foshan Nanhai Yaheng Real Estate Development Co., Ltd. (note (i))	PRC/limited liability Company	Property development/ Mainland China	-	51%	49%

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

47 Subsidiaries (continued)

(a) Particulars of principal subsidiaries of the Group at 31 December 2017 are set out below: (continued)

Structured entity	Principal activities
The Company's Employee Share Trust	Purchases, administers and holds the Company's shares in respect of the Share Award Scheme set up for the benefit of eligible employees

As the Company's Employee Share Trust is set up solely for the purpose of purchasing, administering and holding the Company's shares in respect of the Share Award Scheme, the Company has the rights to variable returns from its involvement with the Employee Share Trust and has the ability to affect those returns through its power over the trust. The assets and liabilities of the Employee Share Trust are included in the Group's consolidated financial statements and the shares held by the Employee Share Trust are presented as a deduction in equity as "Shares held for Share Award Scheme".

The above table lists the principal subsidiaries of the Group which, in the opinion of the directors, principally affect the results and net assets of the Group. To give full details of subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Note (i): The names of the companies represent management's best efforts at translating the Chinese names of these companies as no English names have been registered or available.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

48 Balance sheet and reserve movement of the Company

Balance sheet of the Company

	As at 31 December	
	2017	2016
Assets		
Non-current assets		
Investments in subsidiaries	448,520	448,520
Investments in an associate	–	114,461
Derivative financial instruments	–	254,497
Total non-current assets	448,520	817,478
Current assets		
Amounts due from subsidiaries	48,399,651	43,466,968
Other receivables and prepayments	92,669	104,943
Derivative financial instruments	–	307,870
Cash and cash equivalents	1,728,902	834,340
Total current assets	50,221,222	44,714,121
Total assets	50,669,742	45,531,599
Equity		
Equity attributable to shareholders of the Company		
Share capital and premium	3,421,883	4,290,028
Shares held for Share Award Scheme	(156,588)	(156,588)
Other reserves (note (a))	427,512	427,512
Retained earnings (note (a))	2,526,254	909,104
	6,219,061	5,470,056
Perpetual Capital Securities	4,485,776	4,491,190
Total equity	10,704,837	9,961,246
Liabilities		
Non-current liabilities		
Borrowings	19,186,013	19,362,083
Derivative financial instruments	4,403	–
	19,190,416	19,362,083
Current liabilities		
Borrowings	10,159,319	8,097,435
Amounts due to subsidiaries	9,906,562	7,607,089
Other payables and accruals	467,763	503,746
Derivative financial instruments	240,845	–
Total current liabilities	20,774,489	16,208,270
Total liabilities	39,964,905	35,570,353
Total equity and liabilities	50,669,742	45,531,599

The balance sheet of the Company was approved by the Board of Directors on 21 March 2018 and was signed on its behalf by:

Chen Zhuo Lin

Chan Cheuk Hung

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

48 Balance sheet and reserve movement of the Company (continued)

Balance sheet of the Company (continued)

Note (a): Reserves movement of the Company

	Other reserves	Retained earnings
At 1 January 2016	427,512	1,092,304
Profit for the year	–	285,404
Dividends declared relating to 2015	–	(468,604)
At 31 December 2016	427,512	909,104
At 1 January 2017	427,512	909,104
Profit for the year	–	3,052,547
Dividends declared relating to 2016	–	(1,435,397)
At 31 December 2017	427,512	2,526,254

49 Events after the balance sheet date

- (a) A-Living, the property management segment of the Group, was formally listed on the main board of the Stock Exchange of Hong Kong on 9 February 2018, and the spin-off was successfully completed. A-Living newly issued 333,334,000 H shares at the offer price of HK\$12.30 per share and the net estimated proceeds amounted to approximately HK\$3,945 million. Upon the of the Global Offering, the Company, through its wholly-owned subsidiaries, indirectly controls in aggregate approximately 54% of the total issued share capital of A-Living.
- (b) On 7 March 2018, the Company issued Senior Perpetual Capital Securities with the aggregate principal amount of US\$400,000,000. The net proceeds, after deduction of issuance costs, amounted to approximately US\$394,100,000 (equivalent to RMB2,494,417,000). The Senior Perpetual Capital Securities do not have maturity date and the distribution payments can be deferred at the discretion of the Company. The Company can choose to redeem the Senior Perpetual Capital Securities in whole, but not in part, on or after 7 March 2023, or any business day after 7 March 2023. The initial distribution rate is 6.875% per annum and will be reset periodically.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

50 Benefits and interests of directors

(a) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive is set out below:

For the year ended 31 December 2017:

Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiaries undertaking:

	Fees	Salary	Housing allowance and contribution to a retirement benefit scheme	Total
Mr. Chen Zhuo Lin	–	3,910	16	3,926
Mr. Chan Cheuk Hung	–	2,789	16	2,805
Mr. Huang Fengchao	–	9,644	162	9,806
Mr. Chen Zhongqi	–	9,464	57	9,521
Mr. Chan Cheuk Yin	362	–	–	362
Madam Luk Sin Fong, Fion	362	–	–	362
Mr. Chan Cheuk Hei	362	–	–	362
Mr. Chan Cheuk Nam	362	–	–	362
Dr. Cheng Hon Kwan (note(i))	362	–	–	362
Mr. Kwong Che Keung, Gordon (note(i))	362	–	–	362
Mr. Cheung Wing Yui, Edward (note(i))	362	–	–	362
Mr. Hui Chiu Chung, Stephen (note(i))	362	–	–	362
Mr. Wong Shiu Hoi, Peter (note(i))	362	–	–	362
	3,258	25,807	251	29,316

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB thousands unless otherwise stated)

50 Benefits and interests of directors (continued)

(a) Directors' emoluments (continued)

For the year ended 31 December 2016:

Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiaries undertaking

	Fees	Salary	Housing allowance and contribution to a retirement benefit scheme	Total
Mr. Chen Zhuo Lin	–	3,580	15	3,595
Mr. Chan Cheuk Hung	–	2,557	15	2,572
Mr. Huang Fengchao	–	7,147	136	7,283
Mr. Chen Zhongqi	–	6,963	53	7,016
Mr. Chan Cheuk Yin	335	–	–	335
Madam Luk Sin Fong, Fion	335	–	–	335
Mr. Chan Cheuk Hei	335	–	–	335
Mr. Chan Cheuk Nam	335	–	–	335
Dr. Cheng Hon Kwan (note(i))	335	–	–	335
Mr. Kwong Che Keung, Gordon (note(i))	335	–	–	335
Mr. Cheung Wing Yui, Edward (note(i))	335	–	–	335
Mr. Hui Chiu Chung, Stephen (note(i))	335	–	–	335
Mr. Wong Shiu Hoi, Peter (note(i))	335	–	–	335
	3,015	20,247	219	23,481

Note (i): Independent non-executive directors of the Company.

(b) Directors' retirement benefits

During the year ended 31 December 2017, there were no additional retirement benefit received by the directors except for the attribution to a retirement benefit scheme as disclosed in note(a) above (2016: same).

(c) Directors' termination benefits

During the year ended 31 December 2017, there was no termination benefits received by the directors (2016: same).

(d) Consideration provided to third parties for making available directors' services

During the year ended 31 December 2017, no consideration was paid for making available the services of the directors of the Company (2016: same).

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the year ended 31 December 2017, there was no loans, quasi-loans and other dealings entered into by the Company or subsidiaries undertaking of the Company, where applicable, in favour of directors.

(f) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Five-year Financial Summary

Consolidated Assets, Equity and Liabilities

	31 December 2017 RMB'000	31 December 2016 RMB'000	31 December 2015 RMB'000	31 December 2014 RMB'000	31 December 2013 RMB'000
ASSETS					
Non-current assets	50,713,988	35,585,589	27,194,088	29,464,955	32,550,203
Current assets	112,643,678	96,139,309	90,118,843	94,183,201	81,985,003
Total assets	163,357,666	131,724,898	117,312,931	123,648,156	114,535,206
EQUITY AND LIABILITIES					
Total equity	44,176,230	44,155,230	41,994,987	41,095,292	36,567,296
Non-current liabilities	35,708,002	32,318,075	24,786,841	27,166,852	29,152,128
Current liabilities	83,473,434	55,251,593	50,531,103	55,386,012	48,815,782
Total liabilities	119,181,436	87,569,668	75,317,944	82,552,864	77,967,910
Total equity and liabilities	163,357,666	131,724,898	117,312,931	123,648,156	114,535,206

Consolidated Income Statements

	2017 RMB'000	2016 RMB'000	2015 RMB'000	2014 RMB'000	2013 RMB'000
Operation					
Revenue	51,607,059	46,678,865	43,004,312	38,317,599	35,436,404
Cost of sales	(30,919,581)	(34,313,168)	(32,191,005)	(25,886,775)	(22,821,680)
Gross profit	20,687,478	12,365,697	10,813,307	12,430,824	12,614,724
Selling and marketing costs	(2,258,938)	(2,097,973)	(1,785,859)	(1,784,164)	(1,522,821)
Administrative expenses	(2,044,294)	(1,458,191)	(1,444,024)	(1,437,438)	(1,284,575)
Other gains/(losses), net	40,049	(291,748)	(76,864)	615,659	80,590
Other income	570,485	278,662	212,162	979,166	224,851
Other expenses	(396,633)	(195,880)	(82,439)	(312,950)	(131,743)
Operating profit	16,598,147	8,600,567	7,636,283	10,491,097	9,981,026
Fair value gains on embedded financial derivatives	–	–	–	–	295,748
Finance (cost)/income, net	(898,674)	(1,124,531)	(1,325,206)	(292,573)	488,214
Share of post-tax gains/(losses) of an associate	85,953	(3,375)	(27,190)	(27,636)	(59,537)
Share of post-tax gains/(losses) of joint ventures	83,388	10,453	(87,400)	(44,997)	7,124
Profit before income tax	15,868,814	7,483,114	6,196,487	10,125,891	10,712,575
Income tax expenses	(9,088,536)	(4,433,480)	(3,894,950)	(5,034,790)	(4,850,220)
Profit for the year	6,780,278	3,049,634	2,301,537	5,091,101	5,862,355
Profit attributable to:					
Shareholders of the Company	6,025,244	2,283,640	1,390,343	4,287,245	4,826,907
Holders of Perpetual Capital Securities	472,663	415,263	358,565	354,782	342,497
Non-controlling interests	282,371	350,731	552,629	449,074	692,951
	6,780,278	3,049,634	2,301,537	5,091,101	5,862,355
Earnings per share for profit attributable to the shareholders of the Company during the year (expressed in Renminbi per share)					
– Basic	1.552	0.588	0.358	1.222	1.400
– Diluted	1.552	0.588	0.358	1.203	1.210

Corporate Information

Board of Directors

Mr. Chen Zhuo Lin* (*Chairman and President*)
Mr. Chan Cheuk Yin** (*Vice Chairperson*)
Madam Luk Sin Fong, Fion** (*Vice Chairperson*)
Mr. Chan Cheuk Hung*
Mr. Huang Fengchao*
Mr. Chen Zhongqi*
Mr. Chan Cheuk Hei**
Mr. Chan Cheuk Nam**
Dr. Cheng Hon Kwan[#] *GBS, OBE, JP*
Mr. Kwong Che Keung, Gordon[#]
Mr. Cheung Wing Yui, Edward[#] *BBS* (resigned on 13 February 2018)
Mr. Hui Chiu Chung, Stephen[#] *JP*
Mr. Wong Shiu Hoi, Peter[#]

* Executive Directors

** Non-executive Directors

[#] Independent Non-executive Directors

Board Committees

Audit Committee

Mr. Kwong Che Keung, Gordon (*Committee Chairperson*)
Dr. Cheng Hon Kwan *GBS, OBE, JP*
Mr. Hui Chiu Chung, Stephen *JP*
Mr. Wong Shiu Hoi, Peter (appointed on 13 February 2018)
Mr. Cheung Wing Yui, Edward *BBS* (ceased on 13 February 2018)

Remuneration Committee

Dr. Cheng Hon Kwan *GBS, OBE, JP* (*Committee Chairperson*)
Mr. Kwong Che Keung, Gordon
Mr. Hui Chiu Chung, Stephen *JP*
Mr. Wong Shiu Hoi, Peter
Madam Luk Sin Fong, Fion
Mr. Cheung Wing Yui, Edward *BBS* (ceased on 13 February 2018)

Nomination Committee

Mr. Hui Chiu Chung, Stephen *JP* (*Committee Chairperson*)
(appointed on 13 February 2018)
Dr. Cheng Hon Kwan *GBS, OBE, JP*
Mr. Kwong Che Keung, Gordon
Mr. Wong Shiu Hoi, Peter
Madam Luk Sin Fong, Fion
Mr. Cheung Wing Yui, Edward *BBS* (*former Committee Chairperson*)
(ceased on 13 February 2018)

Risk Management Committee

Mr. Huang Fengchao (*Committee Chairperson*)
(appointed on 13 February 2018)
Mr. Chan Cheuk Hung
Mr. Chen Zhongqi
Mr. Wong Shiu Hoi, Peter
Mr. Chen Zhuo Lin (*former Committee Chairperson*)
(ceased on 13 February 2018)

Company Secretary

Mr. Lam Ping Yuk

Authorised Representatives

Mr. Chen Zhuo Lin
Mr. Lam Ping Yuk

Auditor

PricewaterhouseCoopers

Legal Advisors

as to Hong Kong law:

Sidley Austin LLP
Lu, Lai & Li Solicitors & Notaries

as to PRC law:

Jingtian & Gongcheng

as to BVI and Cayman Islands laws:

Conyers Dill & Pearman

as to US and English laws:

Sidley Austin LLP

Principal Bankers

Bank of China Limited
Industrial and Commercial Bank of China Limited
China Construction Bank Corporation
Agricultural Bank of China Limited
The Bank of East Asia, Limited
The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
Standard Chartered Bank (Hong Kong) Limited

Registered Office

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

Principal Place of Office in the PRC

33rd Floor, Agile Center
26 Huaxia Road
Zhujiang New Town
Tianhe District, Guangzhou
Guangdong Province
PRC
Postal Code: 510623

Principal Place of Business in Hong Kong

18/F., Three Pacific Place
1 Queen's Road East
Hong Kong

Principal Share Registrar and Transfer Office

SMP Partners (Cayman) Limited
Royal Bank House – 3rd Floor
24 Shedden Road
P.O. Box 1586
Grand Cayman KY1-1110
Cayman Islands

Branch Share Registrar and Transfer Office in Hong Kong

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong
Telephone : (852) 2980 1333
Facsimile : (852) 2861 1465

Investor Relations

Capital Markets and Corporate Affairs Department

E-mail : ir@agile.com.cn
Telephone : (852) 2847 3383
Facsimile : (852) 2780 8822

Website

www.agile.com.cn

Corporate Information (Continued)

Listing Information

A Equity Securities

The Company's ordinary shares (stock code: 3383) are listed on the Main Board of Hong Kong Stock Exchange.

B Debt Securities

- (1) The Company's debt securities listed on the Main Board of Hong Kong Stock Exchange:
 - 9% senior notes in an aggregate principal amount of US\$500 million due 2020 (stock code: 5517)
- (2) The Company's debt securities listed on the Official List of SGX:
 - 5.125% senior notes in an aggregate principal amount of US\$200 million due 2022
- (3) The Company's debt securities listed on the Shanghai Stock Exchange:
 - (i) domestic non-public corporate bonds in an aggregate principal amount of RMB3,000 million due 2020 with a coupon rate of 4.98% (corporate bond code: 135690)
 - (ii) domestic non-public corporate bonds in an aggregate principal amount of RMB1,800 million due 2021 with a coupon rate of 4.60% (corporate bond code: 135882)
 - (iii) domestic non-public corporate bonds in an aggregate principal amount of RMB1,200 million due 2023 with a coupon rate of 5.70% (corporate bond code: 135883)
 - (iv) domestic non-public corporate bonds in an aggregate principal amount of RMB3,000 million due 2020 with a coupon rate of 6.98% (corporate bond code: 145608)
- (4) The debt securities of Guangzhou Panyu Agile Realty Development Co., Ltd. (廣州番禺雅居樂房地產開發有限公司) (an indirect wholly-owned subsidiary of the Company incorporated in China) listed on the Shanghai Stock Exchange:
 - (i) domestic corporate bonds in an aggregate principal amount of RMB1,600 million due 2021 with a coupon rate of 4.7% (corporate bond code: 136134)
 - (ii) domestic non-public corporate bonds in an aggregate principal amount of RMB1,200 million due 2020 with a coupon rate of 5.8% (corporate bond code: 135417)

C Capital Securities

- (1) The Company's subordinated perpetual capital securities in an aggregate principal amount of US\$700 million (stock code: 4593) are listed on the Main Board of Hong Kong Stock Exchange.
- (2) The Company's senior perpetual capital securities in an aggregate principal amount of US\$400 million are listed on the Official List of SGX.

Financial Calendar

Interim results announcement	28 August 2017
Payment of interim dividend	28 September 2017
Annual results announcement	21 March 2018
2018 AGM	14 May 2018
Payment of final dividend	1 June 2018

Closure of Register of Members and other Key Dates

The Company's register of members will be closed during the following periods:

To determine the identity of Shareholders who are entitled to attend and vote at the 2018 AGM

Latest time for lodging transfer documents of shares	:	4:30 p.m. on Tuesday, 8 May 2018
Period of closure of register of members	:	Wednesday, 9 May 2018 to Monday, 14 May 2018 (both dates inclusive)

To determine the Shareholders' entitlement to the final dividend

Ex-entitlement date for final dividend	:	Thursday, 17 May 2018
Latest time for lodging transfer documents of shares	:	4:30 p.m. on Friday, 18 May 2018
Period of closure of register of members	:	Monday, 21 May 2018 to Thursday, 24 May 2018 (both dates inclusive)
Record date	:	Thursday, 24 May 2018

To qualify for attending and voting at the 2018 AGM and/or entitlement to the final dividend, all properly completed transfer forms accompanied by the share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than the corresponding latest time for lodging transfer document of shares.

The proposed final dividend will be paid on Friday, 1 June 2018 to Shareholders whose names appear on the register of members of the Company on Thursday, 24 May 2018 upon approval by the Shareholders in the 2018 AGM.

Annual General Meeting

2018 AGM will be held on Monday, 14 May 2018. Notice of 2018 AGM will be set out in the Company's circular dated 10 April 2018 and will be despatched together with this annual report to the Shareholders. Notice of 2018 AGM and the proxy form will also be published on the Agile's website (www.agile.com.cn) and Hong Kong Stock Exchange's website (www.hkex.com.hk).

Dividends

Interim dividend	HK22.0 cents per Share
Proposed final dividend	HK68.0 cents per Share

Despatch of Corporate Communications

This annual report is available in both Chinese and English versions. Printed copies in either or both languages will be delivered to Shareholders in accordance with their indicated preference. This annual report is also published on Agile's website (www.agile.com.cn) and Hong Kong Stock Exchange's website (www.hkex.com.hk). Registered Shareholders may at any time choose to change their choice of language or means of receipt of the Company's corporate communications free of charge by filling the specified forms and send to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited. For Shareholders whose Shares are being held through brokers or custodians, they should inform their respective brokers or custodians to effect the change.

For environment protection reasons, the Company encourages Shareholders to view this annual report posted on the aforesaid websites.

Glossary

Agile or Company	Agile Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Hong Kong Stock Exchange
Articles	the Articles of Association of the Company
2017 AGM	annual general meeting of the Company held on 8 May 2017
2018 AGM	annual general meeting of the Company to be held on 14 May 2018
BBS	Bronze Bauhinia Star
BEA	The Bank of East Asia, Limited
Board	board of Directors of the Company
BVI	British Virgin Islands
Changjiang Hotel Company	Zhongshan Agile Changjiang Hotel Co., Ltd. (中山雅居樂長江酒店有限公司), a Company incorporated in the PRC with limited liability
Chen's Family Trust	a family trust established by Top Coast (which retired on 16 December 2016 and appointed Full Choice as the new trustee) as trustee and the beneficiaries of which are the Founding Shareholders
China or PRC	The People's Republic of China. For the purpose of this annual report, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan region
CG Code	Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules
Directors	directors of the Company
Employee Share Trustee	Bank of Communications Trustee Limited
Founding Shareholders	Chen Zhuo Lin, Chan Cheuk Yin, Luk Sin Fong, Fion, Chan Cheuk Hung, Chan Cheuk Hei and Chan Cheuk Nam

Full Choice	Full Choice Investments Limited, a company incorporated in Hong Kong with limited liability on 8 August 2016, being the new trustee of Chen's Family Trust appointed on 16 December 2016
GBS	Gold Bauhinia Star
GFA	gross floor area
Group	the Company and its subsidiaries
HK\$/HKD	Hong Kong dollar(s), the lawful currency of Hong Kong
HKAS	Hong Kong Accounting Standards
Hong Kong	Hong Kong Special Administrative Region of the PRC
Hong Kong Companies Ordinance	Companies Ordinance (Chapter 622 of the laws of Hong Kong)
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
HSB	Hang Seng Bank Limited
HSBC	The Hongkong and Shanghai Banking Corporation Limited
INED(s)	Independent Non-executive Director(s) of the Company
JP	Justice of the Peace
Listing Rules	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
NED(s)	Non-executive Director(s) of the Company

Glossary (Continued)

OBE	Officer of British Empire
RMB	Renminbi, the lawful currency of PRC
SCB	Standard Chartered Bank (Hong Kong) Limited
Securities Dealing Code for Directors	A code for securities transactions by Directors adopted by the Company
SFO	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
Share(s)	ordinary share(s) of HK\$0.10 each in the share capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time)
Share Award Scheme	a share award scheme adopted by the Company on 10 December 2013
Shareholder(s)	holder(s) of Shares
SGX	Singapore Exchange Securities Trading Limited
Top Coast	Top Coast Investment Limited, a company incorporated in BVI with limited liability on 17 May 2005, being the former trustee of Chen's Family Trust who retired on 16 December 2016
US	United States of America
US\$/USD	United States dollar(s), the lawful currency of US
%	per cent

www.agile.com.cn

