花样年
FANTASIA

F A N T A S I A

20
Anniversary
1998-2018

2018 Annual Report

花樣年控股集團有限公司
FANTASIA HOLDINGS GROUP CO., LIMITED

Stock Code: 01777

A Leader in Providing Joyful, Colorful and Meaningful Living Space and Experience.

花样年
FANTASIA

花样创造价值。
CREATING VALUE WITH ASPIRATIONS.

CONTENTS

DIRECTORS

Executive Directors

Mr. Pan Jun (Chairman and Chief Executive Officer)
Ms. Zeng Jie, Baby
Mr. Deng Bo

Non-Executive Directors

Mr. Li Dong Sheng
Mr. Liao Qian
Mr. Lam Kam Tong (re-designated as a non-executive director on 20 July 2018)

Independent Non-Executive Directors

Mr. Ho Man
Mr. Huang Ming
Dr. Liao Jianwen
Ms. Wong Pui Sze, Priscilla, JP
Mr. Guo Shaomu

JOINT COMPANY SECRETARIES

Mr. Lam Kam Tong (resigned on 31 October 2018)
Mr. Liu Bin (appointed as joint company secretary on 1 November 2018)
Ms. Luo Shuyu (appointed as joint company secretary on 1 November 2018)

AUTHORIZED REPRESENTATIVES

Mr. Pan Jun
Mr. Lam Kam Tong (resigned on 31 October 2018)
Ms. Luo Shuyu (appointed on 1 November 2018)

AUDIT COMMITTEE

Mr. Ho Man (Committee Chairman)
Mr. Huang Ming
Dr. Liao Jianwen
Ms. Wong Pui Sze, Priscilla, JP
Mr. Guo Shaomu

REMUNERATION COMMITTEE

Mr. Huang Ming (Committee Chairman)
Mr. Ho Man
Mr. Pan Jun
Dr. Liao Jianwen
Ms. Wong Pui Sze, Priscilla, JP
Mr. Guo Shaomu

NOMINATION COMMITTEE

Mr. Pan Jun (Committee Chairman)
Mr. Ho Man
Mr. Huang Ming
Ms. Zeng Jie, Baby
Dr. Liao Jianwen
Ms. Wong Pui Sze, Priscilla, JP
Mr. Guo Shaomu

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants

PRINCIPAL BANKERS

Agricultural Bank of China
China Construction Bank Corporation
China Everbright Bank Co., Ltd.
Industrial and Commercial Bank of China Limited
The Hongkong and Shanghai Banking Corporation Limited

LEGAL ADVISORS

As to Hong Kong Law

Sidley Austin

As to PRC Law

Commerce & Finance Law Offices

As to Cayman Islands Law

Conyers Dill & Pearman

REGISTERED OFFICE

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

CORPORATE HEAD OFFICE IN HONG KONG

Room 1202–03
New World Tower 1
16–18 Queen's Road Central
Hong Kong

CORPORATE HEADQUARTERS IN PEOPLE'S REPUBLIC OF CHINA

Block A, Funian Plaza
Shihua Road and Zijing Road
Interchange in Futian Duty-free Zone
Shenzhen 518048
Guangdong Province
China

CAYMAN ISLANDS 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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

LISTING INFORMATION

The Company's Share Listing

Ordinary shares
The Stock Exchange of Hong Kong Limited
Stock Code: 1777

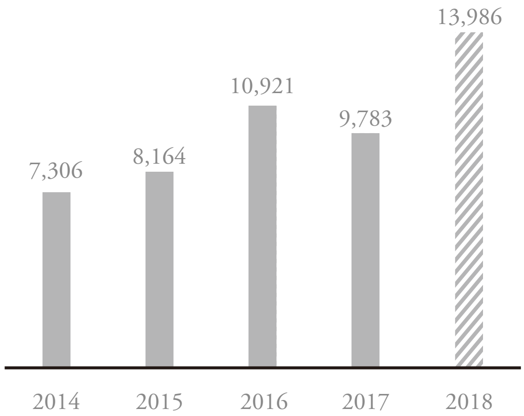
The Company's Senior Notes Listing

CNY 1.6 billion 9.50%, 3 years senior notes due 2019
USD 300 million 7.25%, 1 year senior notes due 2019
USD 140 million 12.00%, 1 year senior notes due 2019
USD 250 million 10.75%, 7 years senior notes due 2020
USD 100 million 12.00%, 2 years senior notes due 2020
USD 500 million 7.375%, 5 years senior notes due 2021
USD 600 million 8.375%, 3 years senior notes due 2021
USD 200 million 15.00%, 3 years senior notes due 2021
USD 300 million 7.95%, 5 years senior notes due 2022
The Singapore Exchange Securities Trading Limited

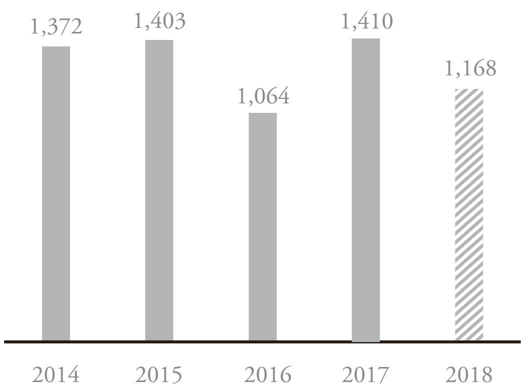
WEBSITE

http://www.cnfantasia.com

Revenue (in RMB' million)



Net Profit (in RMB' million)



	2014	2015	2016	2017	2018
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Total assets	41,254,080	44,551,288	49,752,263	68,956,740	94,446,071
Gross profit	2,806,812	2,518,743	3,528,482	2,897,604	4,183,966
Profit attributable to owners of the Company	1,255,341	1,210,610	805,736	1,154,316	728,339
Basic earnings per share (RMB)	0.22	0.21	0.14	0.20	0.13
Revenue	7,305,950	8,164,297	10,920,638	9,782,568	13,986,133
Total liabilities	29,841,706	32,311,251	36,631,528	51,258,709	74,991,562

◎ In 2018, Fantasia Group (China) Co., Ltd. was awarded the "Outstanding Contribution Award" by the SEE Foundation.

◎ On July 10, 2018, Fantasia Holdings was awarded the "Listed Companies Annual Awards 2018" at the ceremony of "2018 Year Award for Listed Companies " by The Hong Kong Institute of Financial Analyst and Professional Commentators Limited.

◎ Fantasia Holdings Group was awarded the "2018 Quality Real Estate Enterprise Award in China".

◎ In December 2018, at the "China Real Estate Billboard" awarding ceremony, the "Luhu International", "Xiangmendi" and "Jiatianxia" projects under Fantasia were received various awards.

◎ As jointly nominated and recommended by the 15th 2018 China Real Estate Economic Summit Forum Organizing Committee and China Mainstream Real Estate Media Alliance, and Greater Bay Area Urban Habitat Culture Research Institute, Fantasia • Kunming Luhu International project was awarded: the "Eco-human and Metropolitan Landmark Property" expert award for 2018 in China; the "Most Popular Urban Brand Humanities Community" expert award for 2018 in China.

◎ Fantasia • Guilin Luhu International was awarded the "Top Ten Influential Brands of Guilin Property Market in 2018"; "The Livable Demonstration Property in 2018 in Guilin".

◎ In December 2018, Fantasia Chengdu was awarded the "Shuangliu District Quality Private Enterprise" issued by Chengdu Shuangliu People's Government.

◎ Colour Life was awarded: " China's Top 100 Property Service Companies for Ten Consecutive Years From 2009 to 2018", "Leading featured Property Service Company in China-Intelligent Community", "2018 China's Top 100 Leading Property Service Companies in Satisfaction", "Top 10 Among China's Top 100 Property Service Growth Companies", "Top 10 Among China's Top 100 Property Service Companies in terms of Business Scale".

◎ In September 2018, at the "2018 China's Top 100 Real Estate Companies Research Results Conference cum the 15th China's Top 100 Real Estate Companies Entrepreneurs Summit", jointly held by Development Research Center of the State Council, Institute of Real Studies at Tsinghua University and China Index Academy, held at Beijing Yanqi Lake International Convention & Exhibition Center. As such, Colour Life was awarded "2018 China's Leading Brand Enterprise in the Market-oriented Operation of Property Services", with a brand value of RMB5,002 million (RMB5,002,000,000).



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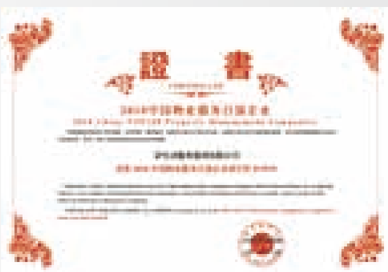
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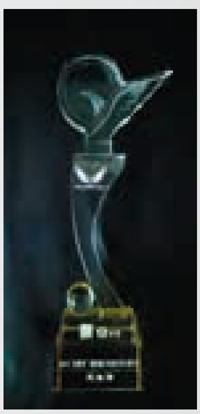
2018港股上市公司金獅獎
最具成長性公司
彩生活服務集團有限公司


榮譽證書
2018年物业服务企业综合实力测评TOP100
彩生活服务集团有限公司

◎ On 15 October 2018, during the 2nd International Property Management Industrial Expo, the China Property Management Institute issued the "2018 Development Report for National Property Management Industry", in which announced the results of top 100 comprehensive strength enterprises in property management nationwide, Colour Life is ranked into the list of top 100 comprehensive strength with its outstanding performance. At this expo, Colour Life was awarded the "Excellent Organisation Award" by the 2nd International Property Management Industrial Expo with its innovative exhibition design and professional service reception.

◎ On October 19, 2018, "Clearing the fog and inspiring the future" (廓清迷霧洞見未來) – Securities Times' 2018 "Golden Wing Award" for Hong Kong Stock Connect Company Value Festival was held in Shenzhen. Colour Life (HK 1778) was awarded 2018 "Golden Wing Award – Most Growing Strength Hong Kong Stock Connect Company" with its outstanding comprehensive strength.

◎ On 27 November 2018, the "City Competition and Cooperation, Bay Area Symbiosis – 2018 Guangdong, Hong Kong and Macao Big Bay Area Innovation and Development Summit Forum" endorsed by Southern Newspaper Media Group and hosted Nan Fang Daily was held in Shenzhen. Colour Life Services Group (HK 1778) was awarded the "Industry Development Innovation Award of the Year" for its innovation and leading role in the property management industry.

◎ On 12 December 2018, the "Golden Lion Award • Hong Kong Listed Companies Value List – and the International Development Forum of Chinese Listed Companies" hosted by Sina Finance was held in Hong Kong. Colour Life Service Group Co., Limited (HK 1778) (hereinafter referred to as "Colour Life") was awarded the "Most Growth Company" for its outstanding comprehensive strength.

◎ In September 2018, the "Huaxi Metropolis Daily", "Huaxi Community Media" and "Sichuan Kangyang" jointly awarded the "Reform and Open 40 Years • 2018 Sichuan Quality Elderly Caring Service Model Enterprise" to Chengdu Fulin Endowment Apartment.

◎ In November 2018, Fantasia Commercial was awarded: "2018 China Commercial Real Estate TOP100 & Business Performance Award", which was issued by the Guandian • Real Estate New Media.

Dear Shareholders,

I am pleased to present to our shareholders the annual results review of Fantasia Holdings Group Co., Limited ("Fantasia" or the "Company", together with its subsidiaries the "Group") for the year ended 31 December 2018 as well as its prospects.

I. RESULTS AND DIVIDENDS

In 2018, the Group recorded revenue of approximately RMB13,986 million, representing an increase of 43.0% over last year. Net profit attributable to owners of the Company for the year amounted to RMB728 million. The Group's annual net profit was approximately RMB1,168 million. If excluding the impact of exchange gains or losses, the annual net profit was approximately RMB1,909 million, representing an increase of 135.4% compared to last year. To reward the Company's shareholders for their support, the Board of Directors of the Company proposed a dividend of HK4.00 cents per share in respect of the year 2018, subject to shareholders' approval at the upcoming annual general meeting.

II. REVIEW FOR 2018

The year 2018 marked the 20th anniversary of Fantasia. From our very first "Endless Blue" project in 1998 to our nationwide presence today, we have always been conducting our business cautiously, conscientiously and diligently. After 20 years of development, we have formed an industrial investment group driven by the dual business drivers of "property development" and "community service" and focused on living space and experience development. We believe through our experience accumulated in the past two decades, Fantasia could flourish a glamourous start in our next 20 years of development.

Throughout the domestic real estate market environment in 2018, while firmly adhering to the implementation of its positioning of "houses are for living and not for speculation", the four restrictions (restricted purchase, restricted overseas purchases, restricted loans, and restricted price) policies in the first three quarters remained their stringent control and financial credit continued to reinforce. In the fourth quarter, the regulation and control policies were slightly loosened with certain cities relaxing their price limits partially, and the overall market tended to be stable. Under such background, the growth of the overall sales size in the industry slowed down, but large real estate enterprises still maintained their year-on-year (YoY) growth. By leveraging our accurate strategic layout, Fantasia also actively responded to policy and market changes, and achieved healthy results through continuous deepening its development in core cities as well as the unremitting efforts of all of our staff. During the Period, the Company recorded an important milestone of exceeding contracted sales of RMB30 billion, representing a YoY increase of nearly 50%, with contracted sales GFA of 2,698,893 sq.m, representing a YoY increase of 41.3%.

With the beginning of a new era of the real estate development business, the community service industry gradually ushered in a period of rapid development with tremendous ownership growth potential market. As the world's largest community service platform, Colour Life Services Group, under Fantasia, adhered to the philosophy of "delivering community services to your family" all along, and recorded rapid growth in its results through constant improvement of its integrated online and offline community service platform. During the Period, Colour Life Services Group had a contractual management area of 553.7 million sq.m, representing a YoY increase of 27.0%. The revenue and net profit recorded were RMB3,614 million and RMB518 million respectively, of which, the revenue of community value-added business was RMB408 million, accounted for 11.3% and contributed a profit of 33.6%. The value-added business has gradually become a profit source in providing stable cash flow to help the Company to withstand economic cycles.

Real Estate Business Picked Up the Fast Lane Again and Intelligent Community Product Line Started to Robust

Despite the tightening policy environment in 2018, the decrease in overall market transactions, and more apparent market differentiation in cities at all levels, however, the Company still recorded rapid growth in size by its precise strategic layout in core cities, continuous in-depth development in popular cities, and constant improvement in product regimes and the launching of intelligent products. For contracted sales, we achieved contracted sales amount of RMB30.17 billion for the year, representing a YoY increase of 49.6%, and contracted sales area of 2,698,893 sq.m., representing a YoY increase of 41.3%. With our fast-growing contracted sales and sound cash returns, the Company's debt structure continued to optimize with enhancing solvency capacity, as such, the rating of Fantasia Group (China) Company Limited improved to "AA+" by CCXI, the credit rating agency.

During the Period, Fantasia Real Estate focused on the layout of the four most active economic development regions, namely Pearl River Delta, Yangtze River Delta, Beijing-Tianjin Metropolitan Area and Chengdu-Chongqing Economic Zone as well as the central region, covered nearly 17 first-tier and second-tier core cities that are economically well-developed, possess strong rigid demand and have higher demand for improvement, such as Chengdu, Shenzhen, Wuhan, Beijing, Kunming and Nanjing. Of which, Chengdu branch sharpened its capabilities and recorded annual contracted sales of over RMB10 billion for a single city, ranked TOP 7 Real Estate Enterprises in Chengdu in terms of sales.

Real estate development is a manufacturing industry about home. We always meticulously develop warm products from the humanistic care perspective and with heartfelt gratitude. Currently, Fantasia has shaped four product series, including Jiatianxia, Xingfu Wanxiang, Huayang Jinjiang as well as the intelligent community. In particular, the intelligent community product line represented by "Jiatianxia" is receptive by the market. During the Period, 4 Jiatianxia projects are under sale with cumulative sales size of RMB7.87 billion, accounted for 26.1% of the Company's overall sales size. Jiatianxia product line is an epitome of the philosophy making Fantasia to become a happy community "smart" player. By integrating hardware, software, services and technology together, "Jiatianxia" adheres to the concepts of technology and aesthetic, intelligent community and warm services, develop and continue to market refined products with its own characteristics, and propel Fantasia to become a leading community "smart" player.

For land expansion, in 2018, the Company continued to deepen its strategy at all fronts by entwining the five major metropolitan areas and focusing on key cities. During the Period, the Company obtained quality land sties in cities including Nanjing, Hangzhou, Shijiazhuang, Tangshan, Chengdu and Wuhan. In 2018, it owned land reserve of 17,094,342 sq.m. In 2019, Fantasia Real Estate will continue to deepen its development and optimization by focusing on the current strategic layout. By leveraging the development opportunities of Guangdong-Hong Kong-Macao Greater Bay Area, while stabilizing the core investment area, it set up Greater Bay Area Urban Renewal Company (大灣區城市更新公司) to focus on the urban renewal businesses in Guangdong-Hong Kong-Macao Greater Bay Area and Shenzhen-Shanwei Special Cooperation Zone. By virtue of the Company's many years of experiences in industrial property and urban development, we believe the urban renewal business will be developed steadily.

Rapid Growth in Management Capacity and Exploring New Models of Property Value-Added Services

Along with the in-depth development of the "Community +" strategy, and service concepts evolution keeps on going, Colour Life gradually expanded its traditional property management services coverage from the "management of things" to "services for people". On one hand, Colour Life promoted community caring through various thematic activities, Neighborhood Festival and other community activities, so as to enhance customer satisfaction. On the other hand, through relying on the "Internet + property" model, it extended the property service chain, explored deeply the community service scenarios, built intelligent community ecosphere with online + offline integration, and explored new business format and new model that are suitable for diversified development of value-added services.

During the Period, Colour Life officially consolidated Wanxiangmei, and recorded significant increase in income and management area. Various community service companies under Colour Life built a complete community service regime together with multiple business formats covering mid- to high-end residential, office, commercial, industrial park and government properties, which enhanced the synergy and scale effect of community services. In addition to the merger and acquisition measures, the aggregation of additional area engaged under its management for the year was 74.3 million sq.m. As at 31 December 2018, Colour Life had the contracted GFA of 553.7 million sq.m area under its management, representing a YoY increase of 27.0%, 2,709 communities are under management, representing a YoY increase of 13.6%. Furthermore, under its platform output strategy, Colour Life has reached cooperation with 95 companies, with cooperated area of 568.6 million sq.m. (including 250.0 million sq.m. under the Group's alliance agreement). As such, the service area under Colour Life's platform was 1,122.3 million sq.m. as at 31 December 2018.

At the same time, Colour Life introduced the community service innovative model, and focused on the ever-evolving platform strategy. On the foundation of providing services for community families, and focused on various service needs in clothing, food, housing and entertainment, it set up an intelligent community service ecosystem platform through development and service chain extension. The core product of "Colour Benefit Life" changed the traditional model of collecting property management fees. Instead, through consumption via Caizhiyun platform, homeowners could reduce and exempt from paying property management fee by offsetting their management fees against the portion of the balance of supplier marketing expenses, so as to achieve a win-win situation for all parties. Since its launching, as at 31 December 2018, Colour Benefit Life completed a total of 1.825 million orders with accumulated transaction amount of RMB70.9 million, and offset RMB36.2 million of property management fee for 260,000 households enjoyed reduced property management fee. Currently, Caizhiyun, the platform developed by Colour Life, included nearly 40 E-products such as E-Lift, E-Repair, E-Energy, E-Parking and E-Education, covering numerous highly frequent interactive scenarios. Through the establishment of an open platform, Colour Life continued to expand its value-added service channels. During the Period, Colour Life recorded income of RMB408 million from value-added business, representing a YoY increase of 47.5%, contributed RMB309 million to Colour Life's profit from value-added services. As such, the value-added services will gradually become the core driver for performance growth.

Stable Advancement in Business Management, Cultural and Tourism, and Retirement Life Business

In 2018, driven by the dual business drivers of "Property Development" and "Community Service" businesses, the business management, cultural and tourism, and retirement life business developed steadily.

Fantasia Business Management positioned itself as a comprehensive service operator for commercial assets. During the Period, the Company achieved significant progress in strategic cooperation, in particular, it entered into a strategic cooperation agreement with Meituan Dianping to achieve comprehensive and in-depth cooperation in the regimes of branding, payment and membership, which not only promoted the upgrading of its business system, but also continuously improved customer experience after enhancing the efficiency of investment promotion and operation management through big data analysis. At the same time, the commercial products system of "Hongtang, Huashengtang and Zhimatang as well as Fantasia's World Outlets" was gradually improved, and launched in 25 major cities including Shenzhen, Kunming and Guiyang one after another. In terms of light assets expansion, by upholding the business philosophy of "steady expansion from a small niche", Fantasia Business Management gradually established its strategic presence in three major regions, namely Eastern China, Southern China and South-western China, and has undertaken over 50 projects.

Fantasia Cultural and Tourism Company is committed to high-end travel services and community tourism for customers. During the Period, Cultural and Tourism Company accelerated the development of its general aviation business. Its FuNian Jet Aviation has successfully obtained various civil aviation qualifications, formally carried out custody services for corporate aircraft and charter flights, and achieved high utilization under smooth operation. In addition, it continued to explore collaboration with the community in terms of tourism services. Although the overall tourism market in Hong Kong declined, however, Morning Star Travel, its subsidiary, still recorded a YoY increase in operational scale.

As a subsidiary of the Group in establishing its presence in the retirement life industry and exploring the retirement life service model, Futainian has been focusing on the retirement life market in Chengdu for many years. Currently, it has formed the retirement life services model mainly based on institutional service and supplemented by community service and homecare service, and gradually established the retirement life brand of "Fulin". In future, the Company plans to enter into the retirement life market in cities such as Beijing to provide professional retirement life services for local elderly people.

III. PROSPECTS FOR 2019

In 2019, the economic development will encounter many uncertainties with the downward pressure in China's macroeconomy continues to increase. The real estate industry will adhere to the regulating and controlling directions of "houses are for living and not for speculation" and "implementing policies by city". It is expected that phasal recovery may emerge but the operating environment of the entire industry will remain acute. Fantasia has always been pursuing for steady and quality growth while expanding its scale, it will also maintain healthy profitability to ensure healthy financial conditions.

For an enterprise, 20 years will be a new journey. By continuously adhering to the vision of "becoming an interesting, tasteful, resourceful leader in living space and experience", Fantasia will firmly focus on the "Community +" strategy whilst managing both light and heavy assets, and facilitates the dual business layout of "real estate development" and "community service". In terms of real estate development, we will always commit to creating lifestyle, and burnishing all products from the perspective of humanistic care, and developing warm boutique products through integrating technology with aesthetic, intelligent living and community service. In terms of community service, we insist on the initial intention of "delivering community services to your family" and strive to provide warmer and better services to homeowners. At the same time, we will continue to promote an open, co-living and syncretic community service platform to expand the value-added service coverage for the Company.

As a socially responsible enterprise, we have always been paying attention to the left behind children issue and exploring the "New Hope Mode" for the centralized education of left behind children. We have carried out retirement life service and poverty alleviation programs in rural areas, and explored rural settlements organizational retirement life service, scattered and mutual aid retirement life service mode in rural areas with Jiangxi Suichuan as our operation base. In the future, we will continue to repay the society and fulfill our corporate social responsibility, which will always be one of the development outlines of Fantasia.

IV. APPRECIATION

The development over the past two decades is inseparable from the full support of all society sectors, we wish to thank the trust and support from our shareholders, investors and business partners as well as our staffs at all levels for their dedications. On behalf of the Board, I would like to take this opportunity to express our heartfelt gratitude to everyone. I am looking forward to continue creating value for Fantasia with you together in the next 20 years.

Cheng Du Intelligent City

FINANCIAL REVIEW

Revenue

Revenue of the Group mainly consists of revenue derived from the (i) sales of our developed properties, (ii) lease of investment properties, (iii) provision of property agency and related services, (iv) provision of property operation and related services, (v) provision of hotel management and related services, (vi) provision of travel agency services and (vii) manufacture and sale of fuel pumps respectively. For the year ended 31 December 2018, revenue of the Group amounted to approximately RMB13,986 million, representing an increase of 43.0% from approximately RMB9,783 million in 2017. Profit for the year attributable to the owners of the Company was approximately RMB728 million, representing a decrease of 36.9% from approximately RMB1,154 million in 2017.

Property Development

The Company recognised revenue from the sales of properties when significant risks and rewards of ownership have been transferred to home buyers, i.e., when relevant property has been completed and the possession of the property delivered to home buyers. Revenue from property development represents proceeds from the sales of the Group's properties held for sale. Revenue derived from property development increased by 29.7% to approximately RMB8,555 million in 2018 from approximately RMB6,598 million in 2017, which was primarily due to the newly-recognised properties in Chengdu and Huizhou brought forward to this year.

	2018			2017		
	Total Revenue	**GFA sold**	**Average Selling Price**	Total Revenue	GFA sold	Average Selling Price
	RMB'000	**Square meters**	**RMB/Square meters**	RMB'000	Square meters	RMB/Square meters
Chengdu Xiangmendi（成都香門第）	**1,587,003**	**220,268**	**7,205**	–	–	–
Huizhou TCL Project	**1,204,108**	**141,368**	**8,518**	1,514,775	174,525	8,679
Yuechange No.9 Garden（悅城九號花園）	**972,226**	**69,929**	**13,903**	–	–	–
Nanjing Fantasia Town（南京花樣城）	**877,337**	**121,217**	**7,238**	–	–	–
Chengdu MIC Plaza 1（成都美年國際廣場）	**696,084**	**29,821**	**23,342**	–	–	–
Guilin Lakeside Eden Community（桂林麓湖國際社區）	**658,857**	**123,862**	**5,319**	540,416	100,954	5,353
Nanjing Xinian Center（南京喜年中心）	**424,171**	**22,031**	**19,254**	830,752	44,534	18,654
Chengdu Grande Valley（成都大溪穀）	**218,419**	**18,756**	**11,645**	393,724	35,982	10,942
Suzhou Lago Paradise（蘇州太湖天城）	**178,163**	**18,761**	**9,496**	259,397	14,421	17,987
Tianjin Huaxiang（天津花鄉）	**121,589**	**10,248**	**11,865**	–	–	–
Wuhan Love Forever（武漢花郡）	**110,758**	**15,366**	**7,208**	99,599	7,903	12,602
Suzhou Xinian Plaza（蘇州喜年廣場）	**105,871**	**5,227**	**20,255**	130,388	7,685	16,967
Dali Human Art Wisdom（大理藝墅花鄉）	**90,775**	**7,246**	**12,528**	3,427	355	9,653
Wuhan Fantasia Town（武漢花樣城）	**87,767**	**9,566**	**9,175**	766,380	91,614	8,365
Chengdu Longnian Plaza（成都龍年廣場）	**62,361**	**14,093**	**4,425**	606,420	108,312	5,599
Shenzhen Lenian Plaza（深圳樂年廣場）	**56,483**	**2,174**	**25,984**	139,634	6,806	20,516
Chengdu Fantasia Town（成都花樣城）	**51,549**	**16,883**	**3,053**	17,815	2,082	8,557
Novena Love Forever（新加坡花郡）	**37,088**	**231**	**160,556**	627,722	5,072	123,762
Huizhou Fantasia Special Town（惠州別樣城）	**28,202**	**4,760**	**5,925**	20,466	2,096	9,763
Guilin Fantasia Town（桂林花樣城）	**18,416**	**1,072**	**17,172**	36,915	3,482	10,600
Ningbo Love Forever（寧波花郡）	**18,410**	**2,020**	**9,114**	8,132	682	11,925
Dongguan Wonderland（東莞江山）	**16,520**	**2,648**	**6,239**	7,277	1,103	6,597
Shenzhen Longnian Building（深圳龍年大廈）	**14,633**	**1,021**	**14,327**	7,059	493	14,315

	2018			2017		
	Total Revenue	**GFA sold**	**Average Selling Price**	Total Revenue	GFA sold	Average Selling Price
	RMB'000	**Square meters**	**RMB/Square meters**	RMB'000	Square meters	RMB/Square meters
Chengdu Love Forever（成都花郡）	**12,028**	**1,678**	**7,168**	624	156	4,003
Dongguan Mont Conquerant（東莞君山）	**5,897**	**500**	**11,805**	8,401	905	9,288
Huizhou Love Forever（惠州花郡）	**5,245**	**984**	**5,331**	17,606	1,408	12,509
Chengdu Flower Garden（成都花好園）	**2,105**	**681**	**3,090**	4,128	1,357	3,043
Tianjin Love Forever（天津花郡）	–	–	–	277,898	43,445	6,397
Chengdu Mont Conquerant（成都君山）	–	–	–	1,520	165	9,227
Chengdu Funian Plaza（成都福年廣場）	–	–	–	59,905	23,597	2,539
Wuxi Xinian Plaza（無錫喜年廣場）	–	–	–	4,667	665	7,022
Shenzhen Longiwan（深圳龍岐灣）	–	–	–	156,529	2,563	61,080
Others	**892,443**			56,894		
	8,554,508			6,598,470		

Property Investment

Revenue generated from property investment increased by 4.1% to approximately RMB253 million in 2018 from approximately RMB243 million in 2017. Such increase was primarily due to additional area of investment properties leased externally.

Property Agency Services

Revenue derived from property agency services increased by 124.1% to approximately RMB130 million in 2018 from approximately RMB58 million in 2017. Such increase was primarily due to the expansion of agency services in relation to carparks.

Children's Guide Tour Day 2018

Property Operation Services

Revenue derived from property operation services increased by 106.4% to approximately RMB4,158 million in 2018 from approximately RMB2,015 million in 2017. The increase was primarily due to the increase in both the GFA of the properties under the Group's management and the scope of value-added services provided in 2018.

Hotel Operations

Revenue derived from hotel services increased by 1.5% to approximately RMB136 million in 2018 from approximately RMB134 million in 2017.

Others

It principally involved Morning Star acquired in end December 2015 and American ASIMCO Investments III Ltd. acquired in June 2016.

Gross Profit and Margin

Gross profit increased by 44.4% to approximately RMB4,184 million in 2018 from approximately RMB2,898 million in 2017, while the Group's gross profit margin was 29.9% in 2018 as compared to a gross profit margin of 29.6% in 2017. Gross profit margin was generally consistent with that over the previous year due to steady development of the businesses.

Other Income, Gain and Losses

In 2018, the Group recorded other net gain of RMB712 million, (2017: RMB1,009 million). Such a difference was mainly attributable to the exchange loss of RMB741 million in 2018 (2017: exchange gain of RMB599 million) and change in fair value of financial assets at FVTPL of RMB939 million (2017: RMB4 million).

Selling and Distribution Expenses

The Group's selling and distribution expenses increased by 5.1% to approximately RMB439 million in 2018 from approximately RMB418 million in 2017. The increase was mainly due to the increase in advertising expenses of physical-form advertisements and other expenses.

Administrative Expenses

The Group's administrative expenses increased by 19.0% to approximately RMB1,389 million in 2018 from approximately RMB1,168 million in 2017. This increase was mainly due to the increase in staff headcount required to support the business development that resulted from the expansion scale of the Group's operation during its transformation to become a community-based company.

Charity Activities

Finance Costs

The Group's finance costs increased by 14.5% to approximately RMB1,465 million in 2018 from approximately RMB1,280 million in 2017. The increase in finance costs was mainly due to the increase in average annual balance of interest-bearing liabilities.

Income Tax Expenses

The Group's income tax expenses increased by 61.5% to approximately RMB1,869 million in 2018 from approximately RMB1,157 million in 2017. This increase was mainly due to the increase in profit before tax.

Profit Attributable to Owners of the Company

Profit attributable to owners of the Company decreased by 36.9% from approximately RMB1,154 million in 2017 to approximately RMB728 million in 2018.

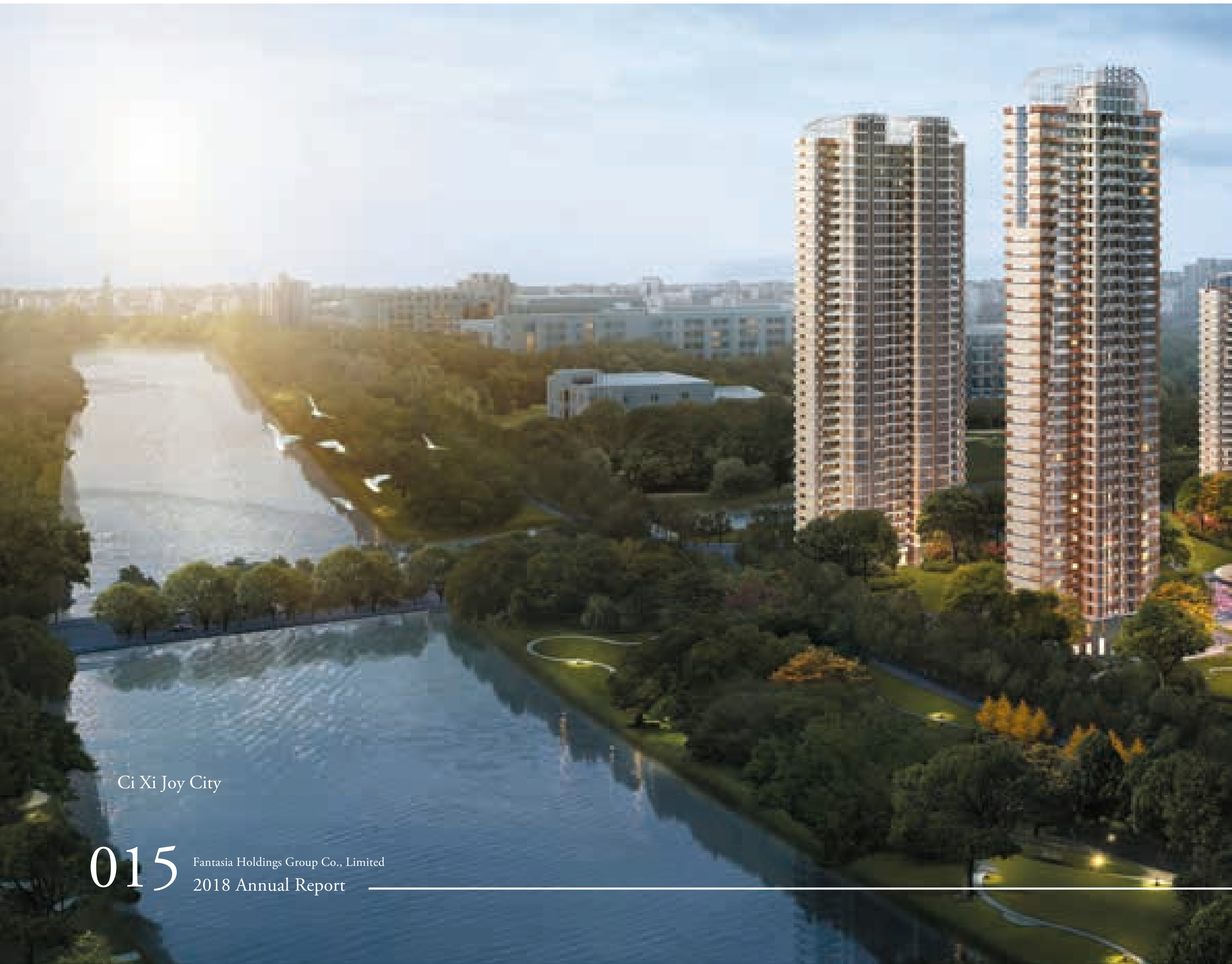
Liquidity, Financial and Capital Resources

Cash Position

As at 31 December 2018, the Group's bank balances and cash were approximately RMB28,570 million (2017: approximately RMB16,442 million), representing an increase of 73.8% as compared to that as at 31 December 2017. A portion of the Group's cash is restricted bank deposits that are restricted for use of property development. These restricted bank deposits will be released upon completion of the development of the relevant properties in which such deposits are related to.

Net Gearing Ratio

The net gearing ratio was 77.4% as at 31 December 2018 as compared to that of 76.0% as at 31 December 2017, representing a slight increase of 1.4 percentage points. The net gearing ratio was measured by net debt (total borrowings, senior notes and bonds and asset-backed securities issued, net of bank balances and cash and restricted/pledged bank deposits) over total equity.



Ci Xi Joy City

Borrowings and Charges on the Group's Assets

As at 31 December 2018, the Group had an aggregate borrowings, senior notes and bonds and asset-backed securities issued of approximately RMB19,156 million (31 December 2017: approximately RMB9,864 million) and approximately RMB24,208 million (31 December 2017: approximately RMB19,805 million) and approximately RMB260 million (31 December 2017: approximately RMB228 million), respectively. Amongst the borrowings, approximately RMB7,960 million (31 December 2017: approximately RMB3,022 million) will be repayable within one year, approximately RMB9,306 million (31 December 2017: approximately RMB6,718 million) will be repayable between two to five years and approximately RMB1,890 million (31 December 2017: approximately RMB124 million) will be repayable after five years. Amongst the senior notes, approximately RMB6,398 million (31 December 2017: approximately RMB4,485 million) will be repayable within one year and approximately RMB17,810 million (31 December 2017: approximately RMB15,320 million) will be repayable after one year.

As at 31 December 2018, a substantial part of the borrowings was secured by land use rights and properties of the Group. The senior notes were jointly and severally guaranteed by certain subsidiaries of the Group through pledging their shares.

Exchange Rate Risk

The Group mainly operates its business in China. Other than the foreign currency denominated bank deposits, borrowings, obligations under finance leases and senior notes, the Group does not have any other material direct exposure to foreign exchange fluctuations. During 2018, despite an appreciation in the exchange rates of RMB against US dollar and Hong Kong dollar, the directors expected that any fluctuation in the exchange rates of RMB would not have a material adverse impact on the Group's operation.

Commitments

As at 31 December 2018, the Group had committed payment for the construction and land development expenditure amounting to approximately RMB10,921 million (2017: RMB2,672 million).

Contingent Liabilities

As at 31 December 2018, the Group had provided guarantees amounting to approximately RMB9,790 million (2017: approximately RMB7,297 million) in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with accrued interests thereon and any penalty owed by the defaulted purchasers to banks. The Group is then entitled to take over the legal title of the related properties. The guarantee period commences from the dates of grant of the relevant mortgages loans and ends after the purchaser obtained the individual property ownership certificate. In the opinion of the Directors, the possibility of the default of the purchasers is remote and the fair value of guarantee contracts is insignificant at the inception and at the end of each reporting date.

Employees and Remuneration Policies

As at 31 December 2018, excluding the employees of communities managed on a commission basis, the Group had approximately 38,007 employees (31 December 2017: approximately 31,059 employees). Total staff costs, including the Directors' emoluments, for the year ended 31 December 2018 amounted to approximately RMB1,812 million (2017: approximately RMB1,144 million). Remuneration is determined with reference to the performance, skills, qualifications and experiences of the staff concerned and according to the prevailing industry practice. Besides salary payments, other staff benefits include contribution to the mandatory provident fund (for Hong Kong employees) and state-managed retirement pension scheme (for Chinese employees), a discretionary bonus program and a share option scheme.

The Company adopted the share option scheme on 27 October 2009. As at 31 December 2018, a total of 142,660,000 share options were granted and 151,000 (2017: nil) share options had lapsed while 922,000 (2017: 225,000) share options had been exercised during the year. As at 31 December 2018, the number of outstanding share options was 84,028,000.

Charity Activities

DIVIDENDS DISTRIBUTION

The Directors recommended the declaration of a final dividend at the rate of HK4.00 cents per share, payable on Friday, 28 June 2019, to all persons registered as holders of shares of the Company on Thursday, 30 May 2019, subject to the approval of the shareholders at the forthcoming annual general meeting of the Company (the "AGM"). The aggregate amount shall be paid out of the Company's share premium account.

BUSINESS REVIEW

Property Development

Contracted Sales and Project Development

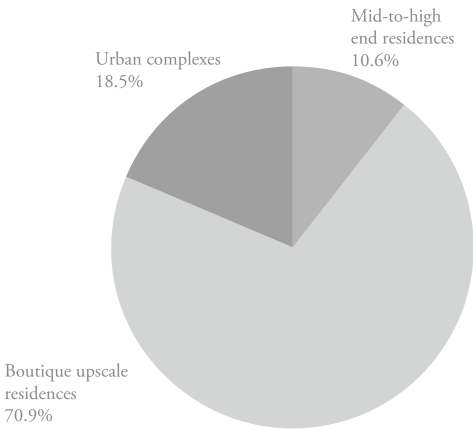
Throughout the domestic real estate market environment in 2018, under the strict implementation of the positioning of "house are for living and non for speculation", in the first three quarters, the four limit policies continued to be in high-pressure, and continued to be increased in controlling financial credit. In the fourth quarter, the regulatory policies were slightly loose, and the overall market tends to be stable. In this context, the overall sales growth rate has slowed down in the sector, but the major property developers still maintained a year-on-year growth. The Group also actively responded to policy and market changes. With an accurate strategic layout, it continued to deepen further its expansion in four major regions, including the Pearl River Delta, the Yangtze River Delta, the Beijing-Tianjin Metropolitan Area, and the Chengdu-Chongqing Economic Zone, as well as the core cities in Central China, and thereby achieved a quality increase.

At the same time, we have always focused on development of quality products from a humanistic perspective at a grateful heart. At present, Fantasia has formed four major product lines: Jiatianxia, Xingfuwanxiang, Huayang Jinjiang and smart community industrial park. In particular, the intelligent community product line represented by "Jiatianxia" has been recognised by the market, and the "Jiatianxia" product lines have demonstrated fully the idea of Fantasia to become a "smart" manufacturer in happy communities. "Jiatianxia" has integrated hardware, software, services and technology to bring together the concepts of technology and beauty, smart communities and warm services. The Group has focused on creating quality boutique products with its own characteristics and will continue to launch on the market, and promote the Group to become the leading community "smart" manufacturer.

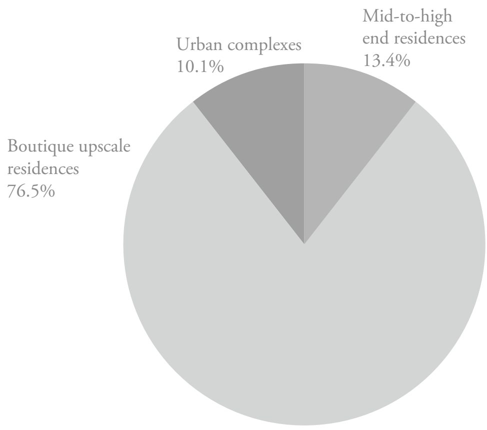
Children's Guide Tour Day 2018

During the Period, the Group recorded contracted sales of RMB30,173 million and contracted sales area of 2,698,893 sq.m. of which, RMB5,570 million was derived from urban complexes projects, representing approximately 18.5% of the Group's total contracted sales. RMB21,404 million was derived from boutique upscale residences projects, representing approximately 70.9% of the Group's total contracted sales; and RMB3,199 million was derived from mid-to-high end residences projects, representing approximately 10.6% of the Group's total contracted sales.

Proportion of contracted sales value attributable to different product categories



Proportion of contracted sales area attributable to different product categories

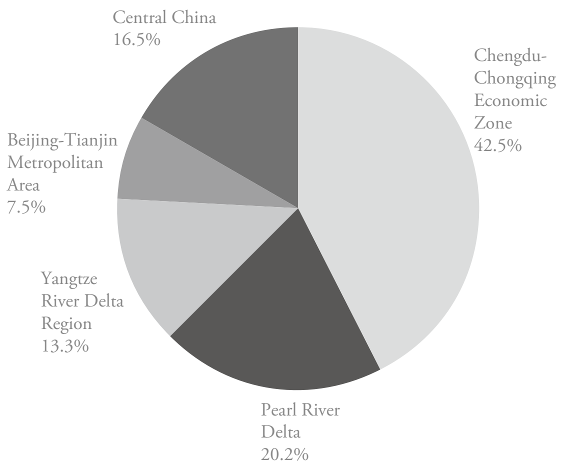


The proportion of contracted sales and contracted sales area attributable to different product categories for 2018

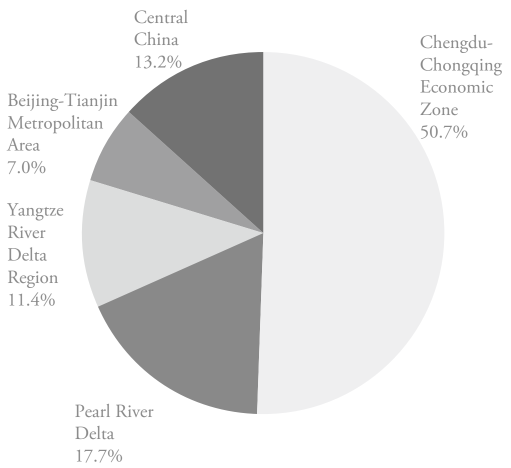
	Amount		Area	
	(RMB million)	**%**	**(sq.m.)**	**%**
Urban Complexes	5,570	18.5	271,495	10.1
Mid-to-high End Residences	3,199	10.6	361,500	13.4
Boutique Upscale Residences	21,404	70.9	2,065,898	76.5
Total	**30,173**	**100.0**	**2,698,893**	**100.0**

During the Period, the contracted sales contribution to the Group's real estate business were mainly derived from 17 cities, including Chengdu, Wuhan, Guilin, Tianjin and Nanjing, and also from 51 projects including Jiatianxia at Chengdu, Xiangmendi at Chengdu, Chengdu Longnian International Center, Huahaoyuan (Jinshanghua) at Wuhan, Guilin Lakeside Eden, Tianjin Jiatianxia and Nanjing Jiatianxia. As compared to last year, the Group used Chengdu as the center for the Chengdu-Chongqing market, Wuhan as the center for the Central China market, Shenzhen as the center for the Pearl River Delta market, Tianjin as the center for the Beijing-Tianjin Metropolitan Area market and Shanghai as the center for the Yangtze River Delta market, and earned good reputation and impact in the local markets. These cities became the major force that contributed to the fulfillment of our target this year. At the same time, the Jiatianxia series, our brand new product, were sold out in all major regions, boosting huge contributions in unveiling the sales layout in 2018.

Contracted sales value distribution in five major regions for 2018



Contracted sales area distribution in five major regions for 2018



Breakdown of the Group's contracted sales in five major economic regions in 2018

Economic Regions	**Amount**		**Area**	
	Sales value	**Proportion of sales**	**Sales area**	**Proportion of area**
	(RMB million)	**%**	**(sq.m.)**	**%**
Chengdu-Chongqing Economic Zone	12,816	42.5	1,367,509	50.7
Pearl River Delta	6,090	20.2	478,223	17.7
Central China	4,988	16.5	357,402	13.2
Yangtze River Delta Region	4,007	13.3	307,702	11.4
Beijing-Tianjin Metropolitan Area	2,272	7.5	188,057	7.0
Total	**30,173**	**100.0**	**2,698,893**	**100.0**

Chengdu-Chongqing Economic Zone

As a vital economic hub in South-western China, the Chengdu-Chongqing Economic Zone shows its robust market demand, and is one of the earliest important strategic markets of the Group. After 18 years of development in this region, the Group has become one of the most influential branded property developers. During the Period, the Group secured a leading market position in terms of sales performance by integrating hotel, property, retirement life services and other resources to improve products and strengthen community management, develop benchmark projects and star products, ranked amongst the top four in the market in term of sales area, achieved its ten billion sales value in a single region for the entire year and had exceeded expectation.

During the Period, the Group recorded contracted sales area of approximately 1,367,509 sq.m. in the Chengdu-Chongqing Economic Zone and contracted sales of approximately RMB12,816 million, attributing to 50.7% and 42.5% of the total contracted sales area and total contracted sales of properties of the Group respectively.

Pearl River Delta Region

By leveraging on the development of Guangdong-Hong Kong-Macao Greater Bay Area, the Pearl River Delta Region market will become a vital testing ground for China to build the world-class city clusters and participate in global competition.

Under the new policy environment, the Group seizes the opportunity to accelerate its business development in Shenzhen, Guangzhou, Huizhou and Guilin markets to seek greater business growth and acquire more land reserves. During the Period, the market conditions in Pearl River Delta Region were healthy. Several projects such as Shenzhen Jiatianxia and Guilin Lakeside Eden had robust sales and became the "top sales" projects in this market segment. Meanwhile, the Group actively expanded its projects to the surrounding regions which strongly supported the Group's future development in the Pearl River Delta Region.

During the Period, the Group recorded contracted sales area of approximately 478,223 sq.m. in the Pearl River Delta Region and contracted sales of approximately RMB6,090 million, attributing to 17.7% and 20.2% of the total contracted sales area and total contracted sales of properties of the Group respectively.

Central China

Central China, is the nation's geographical center, relatively developed in terms of transportation and economy, and its development is of strategic significance to the Group. During the Period, the Group proactively promoted the development of its existing projects and seized market opportunities to expedite de-stocking, achieving rapid sales of projects in rigid demand with increasing price premiums and achieved better annual results. Leveraging on its reputation and customer recognition in regional markets, the Group accelerated its business development and acquired a number of new projects in such key cities as Wuhan, Zhengzhou, Changsha and Xi'an in Central China, laying a solid foundation for its subsequent development in the region.

During the Period, the Group recorded contracted sales area of 357,402 sq.m. and contracted sales of approximately RMB4,988 million in Central China, attributing to13.2% and 16.5% of the total contracted sales area and total contracted sales of properties of the Group respectively.

Yangtze River Delta Region

Yangtze River Delta Region is a resource allocation pivot with great economic vitality, a technology innovation hub with global influence, and a vital international gateway in the Asian-Pacific region. The Group has long been paying great attention to its existing projects and the key cities with high growth potential within the region. It successively expanded the surrounding cities of Shanghai, such as Suzhou, Taicang, Ningbo Cixi and the current fast-growing Hangzhou Bay segment, and achieved good sales within 18 years, laying a solid foundation for the expansion of the Yangtze River Delta Region.

During the Period, the Group focused on customers' needs and strived to develop products with high market recognition, thus greatly boosting the sales of key projects and gaining considerable market attention and influence.

During the Period, the Group recorded contracted sales area of 307,702 sq.m. and contracted sales of approximately RMB4,007 million in the Yangtze River Delta Region, attributing to 11.4% and 13.3% of the total contracted sales area and total contracted sales of properties of the Group respectively.

Beijing-Tianjin Metropolitan Area

The Beijing-Tianjin Metropolitan Area is the most important economic hub in Northern China. Strengthening the development of Beijing-Tianjin Metropolitan Area has always been one of the Group's development priorities.

During the Period, the Group accelerated the development of its existing projects in the region, and at the same demonstrated its market strength through the intelligent community concept, represented by Jiatianxia (家天下) product series, as its core advantage. On top of that, it sped up its business expansion in key cities such as Tianjin, Beijing and Shijiazhuang by acquiring land reserves and undertaking new cooperation projects, to grow bigger and have greater influence in regional markets.

During the Period, the Group recorded contracted sales area of approximately 188,057 sq.m. and contracted sales of approximately RMB2,272 million in the Beijing-Tianjin Metropolitan Area, attributing to 7.0% and 7.5% of the total contracted sales area and total contracted sales of properties of the Group respectively.

Newly Commenced Projects

During the Reporting Period, the Group commenced development of 20 projects or phases of projects with a total planned GFA of approximately 4,630,571 sq.m..

Breakdown of newly commenced projects in 2018

Project-serial number	Project name	Project location	Nature of land	Expected completion date	Company's interest	GFA
						(sq.m.)
Pearl River Delta						
1	Land I of Guilin Lakeside Eden	Lingui New District, Guilin City	Residential and commercial purposes	2020	70%	387,650
2	Huahaoyuan (Zijin Huafu (紫金華府))	Huiyang District, Huizhou City	Residential and commercial purposes	2020	100%	80,396
3	Phase 1 of Huizhou Jiatianxia	Huiyang District, Huizhou City	Residential and commercial purposes	2021	100%	241,091
4	Land H of Guilin Lakeside Eden	Lingui New District, Guilin City	Residential and commercial purposes	2021	100%	248,680
Chengdu-Chongqing Economic Zone						
1	Zhihui City	Chongzhou, Chengdu	Residential and commercial purposes	2020	80%	655,574
2	Chengdu of Grande Valley	Pujiang County, Chengdu	Residential land use	2020	70%	158,944
3	Phase 3 of Chengdu Jiatianxia	Shuangliu District, Chengdu	Residential and commercial purposes	2020	55%	219,395
4	Xiangmendi (South Area)	Pi County, Chengdu City	Residential and commercial purposes	2020	100%	353,632
5	Phase 4 of Chengdu Family Isall	Shuangliu District, Chengdu	Residential and commercial purposes	2021	55%	219,908
6	Phase 5 of Chengdu Family Isall	Shuangliu District, Chengdu	Residential and commercial purposes	2021	55%	80,911
7	Xinjin Kanjinzhao	Xinjin District, Chengdu	Residential and commercial purposes	2021	100%	136,151
8	Qing Baijiang Jiangshan	Qingbaijiang District, Chengdu	Residential and commercial purposes	2021	100%	251,486
9	Ziyang Love Forever	Hi-tech District, Ziyang	Residential land use	2020	91%	241,227
10	Land No.2 of Kunming Lakeside Eden	Taiping New Town, Kunming	Residential land use	2020	63%	217,088
Beijing-Tianjin Metropolitan Area						
1	Phase 2 of Tianjin Jiatianxia	Wuqing District, Tianjin	Residential land use	2020	60%	173,494
2	Phase 3 of Tianjin Jiatianxia	Wuqing District, Tianjin	Residential land use	2021	60%	153,298
3	Tangshan Huayangerwan	Leting County, Tangshan	Residential land use	2021	51%	69,289

Project-serial number	Project name	Project location	Nature of land	Expected completion date	Company's interest	GFA
						(sq.m.)
Central China						
1	Guanggu Love Forever	Gedian Hi-tech District, Wuhan	Residential and commercial purposes	2021	100%	191,939
Yangtze River Delta						
1	Lishui Jiatianxia	Lishui District, Nanjing	Residential and commercial purposes	2020	100%	316,507
2	Hangzhou 360 Project	Gongshu District, Hangzhou	Industrial land use	2023	49%	233,911

Completed Projects

During the reporting period, the Group completed 10 projects or phases of projects, with a total GFA of approximately 1,342,727 sq.m..

Breakdown of completed projects in 2018

Region	GFA (sq.m.)
Yangtze River Delta	500,043
Pearl River Delta	266,672
Chengdu-Chongqing Economic Zone	340,266
Central China	235,746

Brand Activities

Projects Under Construction

As at 31 December 2018, the Group had 26 projects or phases of projects under construction, with a total planned GFA of 5,936,108 sq.m.

Breakdown of projects under construction as at 31 December 2018

Project serial number	Project name	Project location	Nature of land	Company's interest	Expected Completion date	GFA	Product Category
						(sq.m.)	
Huizhou							
1	Huahaoyuan (Zijin Huafu (紫金華府))	Huiyang District, Huizhou	Residential and commercial purposes	100%	2020	80,396	Mid-to-high End Residences
2	Huizhou Jiatianxia	Huiyang District, Huizhou	Residential and commercial purposes	100%	2021	241,091	Boutique Upscale Residences

Brand Activities

Project serial number	Project name	Project location	Nature of land	Company's interest	Expected Completion date	GFA	Product Category
						(sq.m.)	
Guilin							
1	Block E of Guilin Lakeside Spring Dawn	Lingui New District, Guilin	Residential and commercial purposes	70%	2019	211,313	Boutique Upscale Residences
2	Land F of Guilin Lakeside Eden	Lingui New District, Guilin	Residential and commercial purposes	70%	2020	143,417	Boutique Upscale Residences
3	Land I of Guilin Lakeside Eden	Lingui New District, Guilin	Residential and commercial purposes	70%	2020	387,650	Boutique Upscale Residences
4	Land H of Guilin Lakeside Eden	Lingui New District, Guilin	Residential and commercial purposes	100%	2021	248,680	Boutique Upscale Residences
Chengdu							
1	Chengdu Grande Valley	Pujiang County, Chengdu	Residential and commercial purposes	70%	2020	179,152	Boutique Upscale Residences
2	Chengdu Family Isall	Shuangliu District, Chengdu	Residential and commercial purposes	55%	2021	853,078	Boutique Upscale Residences
3	Belle Epoque	Xinjin County, Chengdu City	Residential and commercial purposes	100%	2019	5,342	Boutique Upscale Residences
4	Chengdu Longnian International	Pi County, Chengdu City	Residential and commercial purposes	100%	2019	134,961	Urban Complexes
5	Zhihui City	Chongzhou, Chengdu	Residential and commercial purposes	80%	2020	655,574	Boutique Upscale Residences
6	Xiangmendi (South area)	Pi County, Chengdu City	Residential and commercial purposes	100%	2020	353,632	Boutique Upscale Residences
7	Xinjin Kanjinzhao	Xinjin District, Chengdu	Residential and commercial purposes	100%	2021	136,151	Boutique Upscale Residences
8	Qing Baijiang Jiangshan	Qingbaijiang District, Chengdu	Residential and commercial purposes	100%	2021	251,486	Boutique Upscale Residences
9	Ziyang Love Forever	Hi-tech District, Ziyang	Residential land use	91%	2020	241,227	Boutique Upscale Residences
Kunming							
1	Land 2# of Kunming Lakeside Eden	Taiping New Town, Kunming	Residential land use	63%	2020	217,088	Boutique Upscale Residences
Tianjin							
1	Love Forever	Wuqing District, Tianjin	Residential land use	60%	2019	3,600	Mid-to-high End Residences
2	Tianjin Jiatianxia	Wuqing District, Tianjin	Residential land use	60%	2021	326,792	Boutique Upscale Residences
Tangshan							
1	Tangshan Huayangerwan	Leting County, Tangshan	Residential land use	51%	2021	69,289	Boutique Upscale Residences
Suzhou							
1	Suzhou Taicang Taigucheng (蘇州太倉太古城)	Zhenghe East Road, Taicang	Commercial/office purpose	100%	2019	82,734	Urban Complexes
2	Suzhou Lago Paradise (蘇州太湖天城)	Taihu National Tourism Vacation Zone, Suzhou City	Residential land use	100%	2019	141,056	Boutique Upscale Residences

Project serial number	Project name	Project location	Nature of land	Company's interest	Expected Completion date	GFA	Product Category
						(sq.m.)	
Wuhan							
1	Guangguhuajun	Gedian Hi-tech District, Wuhan	Residential and commercial purposes	100%	2021	191,939	Boutique Upscale Residences
Shenzhen							
1	Shenzhen Jiatianxia (深圳家天下)	Kuichong, Shenzhen	Residential and commercial purposes	10%	2019	64,241	Boutique Upscale Residences
Nanjing							
1	Nanjing Gaochun Love Forever	Gaochun District, Nanjing	Residential and commercial purposes	100%	2019	165,801	Mid-to-high End Residences
2	Lishui Jiatianxia	Lishui District, Nanjing	Residential and commercial purposes	100%	2020	316,507	Urban Complexes
Hangzhou							
1	Hangzhou 360 Project	Gongshu District, Hangzhou	Industrial land use	49%	2023	233,911	Urban Complexes

Projects Held for Development

As at 31 December 2018, the Group had 25 projects or phases of projects held for development, with a total planned GFA of approximately 5,357,310 sq.m..

The breakdown of projects held for development as at 31 December 2018

Project-serial number	Project name	Project location	Nature of land	Company's interest	GFA
					(sq.m.)
Shenzhen					
1	Pingshan	Pingshan District, Shenzhen	Residential and commercial purposes	100%	226,130
Huizhou					
1	Remaining phases of Kangchengsiji	Zhongkai Hi-tech Zone, Huizhou	Residential and commercial purposes	100%	47,144
Suzhou					
1	Suzhou Lago Paradise	Taihu National Tourism Vacation Zone, Suzhou	Hotel purposes	100%	56,254
Shanghai					
1	Guobang Huayuan (國邦花園)	Jing'an District, Shanghai	Office purpose	100%	6,561
Guilin					
1	Remaining area D2/I2 of Lakeside Eden (Wanhao)	Lingui New District, Guilin	Residential and commercial purposes	70%	405,027
2	Remaining area G/A2 of Lakeside Eden (Juhao)	Lingui New District, Guilin	Residential and commercial purposes	100%	236,806
Kunming					
1	Remaining land of Kunming Lakeside Eden	Taiping New Town, Kunming	Residential and commercial purposes	63%	925,559

Project-serial number	Project name	Project location	Nature of land	Company's interest	GFA
					(sq.m.)
Chengdu					
1	Remaining phases of Belle Epoque	Laojunshan, Xinjin County, Chengdu	Residential, commercial and ancillary purposes	100%	130,642
2	Remaining phases of Grande Valley	Pujiang County, Chengdu	Residential and commercial purposes	70%	587,248
3	Chengdu Family Isall	Shuangliu District, Chengdu	Commercial cum residential	55%	115,301
4	Chengdu Zhihui City	Chongzhou, Chengdu	Residential and commercial purposes	80%	88,092
5	Remaining phases of Chengdu Qing Baijiang	Qingbaijiang District, Chengdu	Residential and commercial purposes	100%	213,152
6	Ziyang Project of Chengdu company (3 locations in China and abroad)	Southern side of Chengnan Road, Hi-tech District, Ziyang City	Residential and commercial purposes	91%	283,468
Tianjin					
1	Remaining phases of Love Forever	Wuqing District, Tianjin	Residential purpose	60%	37,711
2	Yingcheng Lake Project	Hangu District, Tianjin	Residential, commercial and tourism purposes	100%	168,339
Shijiazhuang					
1	Shijiazhuang Linghangguoji	Yuhua District, Shijiazhuang	Commercial purpose	51%	63,740
2	Baodingmancheng	Mancheng, Baoding	Residential purpose	51%	60,037
Tangshan					
1	Remaining land of Tangshan Huayangerwan	Leting County, Tangshan	Residential and commercial purposes	51%	427,714
Wuhan					
1	Hankou Xingfuwanxiang (漢口幸福萬象)	Next to Hankou City Plaza, Houhu, Jiang'an District, Wuhan	Commercial purpose	51%	51,410
2	Wuhan Hanzheng Street the First (武漢漢正街一號)	Wusheng Road and Yanjiang Road Cross, Qiaokou District, Wuhan	Commercial purpose	100%	338,700
3	Wuhan Huahaoyuan Project (武漢花好園項目)	Next to Hankou City Plaza, Houhu, Wuhan	Commercial and residential purposes	100%	188,987
4	Wuhan Jinshanghua Project (武漢錦上花項目)	Hankou, Houhu, Wuhan	Commercial and residential purposes	100%	55,600
5	Wuhan Endless Blue project	Dongxihu District, Wuhan	Residential and commercial purposes	90%	251,158
6	Wuhan Shahuboyimingmen	Wuchang, Wuhan	Commercial purpose	67%	34,963
7	Gedian Jiangshan Project	Gedian Hi-tech District, Wuhan	Residential and commercial purposes	100%	357,567

Land Bank

During the Period, the Group continued to adhere to its prudent investment strategy and its development direction of acquiring land in first-tier cities, such as Chengdu, Wuhan, Hangzhou, Ningbo, Kunming and Shijiazhuang, which enjoy strong market potential and capable of delivering rich returns. As at 31 December 2018, the planned GFA of the Group's land bank amounted to approximately 17,094,342 sq.m., in which a planned GFA of properties which has signed framework agreements was 5,800,924 sq.m.

LAND BANK DETAILS

Region	Projects under construction	Projects to be developed	Projects under framework agreements	Aggregate planned GFA of land bank	Proportion
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	
Chengdu-Chongqing Economic Zone	**3,027,691**	**2,343,462**	**2,835,997**	**8,207,150**	**48.0%**
Chengdu	2,810,603	1,417,903	2,566,680	6,795,186	
Kunming	217,088	925,559	269,317	1,411,964	
Pearl River Delta	**1,376,788**	**915,107**	**2,726,747**	**5,018,642**	**29.4%**
Shenzhen	64,241	226,130	1,626,847	1,917,218	
Huizhou	321,487	47,144	1,099,900	1,468,531	
Guilin	991,060	641,833	–	1,632,893	
Beijing-Tianjin Metropolitan Area	**399,681**	**757,541**	**–**	**1,157,222**	**6.8%**
Tangshan	69,289	427,714	–	497,003	
Shijiazhuang	–	123,777	–	123,777	
Tianjin	330,392	206,050	–	536,442	
Yangtze River Delta	**940,009**	**62,815**	**238,180**	**1,241,004**	**7.3%**
Suzhou	223,790	56,254	56,254	336,298	
Shanghai	–	6,561	–	6,561	
Hangzhou	233,911	–	–	233,911	
Ningbo	–	–	181,926	181,926	
Nanjing	482,308	–	–	482,308	
Central China	**191,939**	**1,278,385**	**–**	**1,470,324**	**8.5%**
Wuhan	191,939	1,278,385	–	1,470,324	–
Total	**5,936,108**	**5,357,310**	**5,800,924**	**17,094,342**	**100.0%**

Colour Life

During the reporting period, Colour Life completed the acquisition of the equity in Wanxiangmei, added a large number of high-end properties, and gradually built a complete service system covering multiple grades and multiple forms to optimise the project layout and business structure. At the same time, Colour Life has obtained a large amount of contracted management property area through discretionary entrustments, which fully demonstrated the market competitiveness and brand awareness of Colour Life in the industry. Benefiting from the continuous increase in scale effect and brand effect, the management area of Colour Life has maintained rapid growth. As at 31 December 2018, contracted management area of Colour Life reached 553.7 million sq. m., servicing 2,709 communities, which increased by 117.7 million sq.m. and 325 communities respectively.

While actively expanding the management area, Colour Life continued to adhere to its efficiency revolution in fundamental property services. Based on the long-term intensification, platform-oriented and standardization transformation of fundamental property services, Colour Life further put forward the "Big Dipper" strategy. By dividing the traditional property management services into evaluable and traceable orders, it could achieve production sub-contracting for every household with accountability, and also enhanced service efficiency in the seven aspects of safety, maintenance, cleaning, parking, payment, energy and complaints.

Shang Hai Oriental Bay

Moreover, Colour Life established connections with excellent partners in the industry through platform output and exported its underlying technology of Caizhiyun (彩之雲) to help them exploring new source of value-added services without separating the profits of fundamental property services owned by cooperative partners at the same time. Since it launched the platform output model, Colour Life has received receptive responses from industry cooperative partners. As at 31 December 2018, the service area under Colour Life's platform reached 1,122.3 million sq.m., which includes 553.7 million sq.m. for contracted area, 318.6 million sq.m. for cooperation area and 250.0 million sq.m. for alliance area.

With continuous expansion in service scale of the platform, as at 31 December 2018, the number of echo-system registered users of Colour Life had exceeded 26.4 million, of which 14.0 million were active users. The breakthrough growth of registered users was mainly derived from the rapid development of ecosystem and homeowners in the cooperation communities who registered as online users. In the future, Colour Life will gradually turn registered users into active users and then consumer users eventually through online plus offline operating strategy to fuel the growth of trading volume and value-added business.

Wu Han Blue Sky

While users scale was growing steadily, the construction of Colour Life's ecosystem also achieved tremendous progress. During the Period, the Gross Merchandise Volume (GMV) of Caizhiyun platform amounted to RMB9,448.0 million, representing a YoY growth of 24.1%. In particular, with the increase in the trading volume of core products such as "Colour Wealth Life", the revenue from online promotion services reached RMB169.4 million. In addition, Colour Life achieved cooperation with developers in various means by assisting them in selling inventory assets, namely parking spaces. During the Period, the cumulative sales reached 4,150 parking spaces, which drove the revenue from sales and rental assistance of RMB146.6 million. Driven by the aforesaid core products, during the Period, the revenue from value-added business of Colour Life amounted to RMB408.4 million, representing a YoY growth of 47.5% with a high gross profit margin of 95.7%. Such revenue contributed to 33.6% of Colour Life's segment profit and was the second largest source of revenue and profit in the business distribution.

ZHI ART MUSEUM Lecture 1

Moreover, in March 2018, Colour Life innovated community retail moder, launched the new products of "Colour Benefit Life (彩惠人生)" by integrating e-commerce with property management fee payment. The community residents can deduct property management fee and parking fee which they need to pay through purchasing commodities and services for their daily needs on Colour Benefit Life. Due to the precise understanding of community residents' demand by our frontline staff, as well as the trust of residents on Colour Life, Colour Benefit Life can reduce the generic expensive marketing expenses of commodities and service suppliers, and at the same time, suppliers return a portion of reduced marketing expenses to residents as property management fee. By virtue of "Colour Benefit Life (彩惠人生)", homeowners can enjoy reduced and exempted property management fee benefits, allowing quality shops to have direct access to the community retail channel, and Colour Life can improve the collection rates of property management fee, thereby achieving a win-win situation among them. As at 31 December 2018, Colour Benefit Life achieved a total of 1,824.6 thousand transactions with total transaction amount of RMB70.9 million, which offset RMB36.2 million in terms of property management fee and 260 thousand households enjoyed reduced property management fee. Colour Life took practical actions to achieve win-win situation in community service.

Home E&E

By adhering to the multi-business development route, Home E&E owned subsidiaries such as Fantasia International Property, Home E&E (Shanghai) Business Management Co., Ltd.* (美易家(上海)商業管理有限公司), Jinnian Hotel and Niutian Electromechanical.

Home E&E Group is mainly engaged in property services. As of 2018, the contract area was 30.43 million sq.m. with 142 projects, and the net increased contract area in 2018 was 7.11 million sq.m..

Brand Activities

As at 31 December 2018, Home E&E (Shanghai) Business Management Co., Ltd. entered into 5 contracts in total, with total contract amount of RMB158 million and service area of 460,000 sq.m., covering 5 cities. It also established cooperative relationship with CGH Group, Huai'an Development Chengtou Group* (淮安開發城投集團), Guangxi Dingsheng Real Estate* (廣西鼎盛地產)and other real estate companies.

By adhering to the concept of "premier housing, enjoying perfect business trip" and "healthy guest rooms", the hotel management companies under Home E&E Group earned high market recognition. The average guest room occupancy rate of urban apartment projects for the year reached over 85%, representing a YoY growth of about 25%, extending the community property service ecosystem of Home E&E in a better manner.

For project management, it completed the development and integration of property facility equipment and energy management Internet of things platform (PEEM-IOT system) with general applications. In 2018, the project management centre of Niutian Electromechanical secured 10 new projects, elevator business department undertakes 1,536 elevator maintenance projects and 11 new projects for the fire prevention business department.

Business Management Service

Urban complexes is one of the most important product categories in the Group's real estate business. With 20 years of market experience, the Group upholds its mission to pursue innovative business models and diverse business offerings. To this end, during the Period, Fantasia Business Management Company Limited ("Fantasia Business Management" or "FBM"), a wholly-owned subsidiary of the Group, managed to recruit many industry talents, and actively participated in business planning, merchant solicitation and investment invitation for certain large projects of the Group. Meanwhile, it has also engaged in providing business agent, commissioned management and other entrusted asset management services for business management projects outside the Group.

Brand Activities

Nanjing OMG Mall, a project developed and operated by FBM, a wholly-owned subsidiary of the Group, commenced operation on 28 September 2014, with an occupancy rate of over 98%. In Nanjing or even Jiangsu Province, Nanjing OMG Mall has become a renowned community business complex. In May 2017, FBM set up a Nanjing-based subsidiary as its regional core business in the Eastern China market to extend positive influence to the surrounding cities, marking another milestone in its development. Guilin OMG Mall, which commenced operation on 19 June 2015, had an occupancy rate of over 100%, committed to becoming a flagship shopping mall in Lingui New District or even Guilin City. "Fantasia World Outlets" in Pi County, Chengdu commenced operation on 23 December 2016. The preparation works for opening the business of Chengdu Hongtang Project, Suzhou Hongtang Project, Taicang Zhimatang Project (太倉芝麻唐項目) and Nanjing Lishui Hongtang Project (南京溧水紅唐項目) are underway in full swing.

Upholding the business philosophy of "steady expansion from a small niche", in 2018, Fantasia Business Management Company Limited undertook entrusted asset management projects in a more active manner to build up urban key projects. By doing so, it gradually established strategic presence in three major regions, namely Eastern China, Southern China and Southwestern China, and has undertaken over 50 such projects in such provinces as Tibet, Jiangxi, Jiangsu, Sichuan, Guangdong, Guangxi, Hunan, Yunnan, Guizhou and Anhui. In particular, ten projects including "Jiangsu Yangzhou Joy Commercial Plaza", "Jiangsu Yangzhou Libao Commercial Plaza", "Lhasa Fantasia World Outlets", "Kunming Lingxiu Knowledge Town", "Huizhou Kangchengsiji Zhimatang", "Yongzhou Chuntian Urban Plaza", "Ganzhou OMG Mall (贛州花生唐)", "Shenzhen Longhua Fuchi Building", "Guiyang Karst Urban Plaza" and "Liuzhou Jinluzhou Xingguangdadao Shopping Plaza (柳州金綠洲星光大道購物廣場)" have opened for business. In addition, "Nanjing Hailrun OMG Mall", "Hefei Tianlonghui (合肥天瓏匯)", "Bengbu Dongfang Xintiandi Plaza (蚌埠東方新天地廣場)", "Haifeng First City (海豐第一城)", "Shanwei Coastal City (汕尾海岸城)" and "Guiyang TTMALL" are scheduled to open for business, and several projects are being developed. While consolidating its fundamental business model, FBM is keeping up with the times by vigorously developing new cooperative models and strengthening the implementation in new retail models and vertical operation. With the growth of its entrusted asset management business, FBM will provide homeowners across the country with more quality services to harvest greater returns.

The brand image and awareness of FBM have been greatly improved, creating its unique brand influence in the industry. FBM will continue to scale up entrusted management of business assets, and follow the "asset-light and heavy" strategy to seek for asset-heavy business partners nationwide on the basis of its existing entrusted asset management services. As such, we believe that FBM will yield stable and growing returns.

Cultural and Tourism

In 2018, the Cultural and Tourism Company focused on accelerating the implementation of aviation business segment. FuNian Jet Aviation won the CCAR-145 maintenance permits and CCAR-135 operation certificates issued by CAAC Central and Southern Regional Administration, and duly commenced the operation of corporate aircraft. Its three corporate aircrafts completed safe flight flying of 759 hours in the second half of 2018, achieved high utilization with smooth operation. The travel agency optimized its staff structure and adjusted business segment, and added new revenue-generating department. With the overall decline of tourism market in Hong Kong, the operating performance of Morning Star Travel Service recorded a growth as compared with the same period of last year. The travel agency will focus on developing the domestic market business in China and launch a community tourism platform by integrating travel flows and community resources.

Futainian

In 2018, the retirement life service sector of Futainian continued to focus on the retirement life service market. It recorded 120,000 homecare services, outperformed the annual target tasks assigned by the Group.

During the year, two breakthroughs were achieved in the retirement life business: Firstly, the opening of Fulin Shuncheng Shop (福鄰順城店) where 133 beds were newly added and reached a total of 282 beds in its operation. Secondly, it recorded revenue of RMB 5.60 million in homecare, representing a year-on-year growth of 100%.

Futainian has continuously improved its service standard system, by leveraging on the American pension service management system, and combining with the practical experience of Fulin Elderly Service Apartment for many years, it completed the preparation of Futainian's elderly caring service management standard, and has promoted its application in practical projects.

EXECUTIVE DIRECTORS

Mr. PAN Jun (潘軍)("Mr. Pan"), aged 48, is the chairman of the Board and the Chief Executive Officer, an executive Director, chief executive officer, chairman of the nomination committee and a member of the remuneration committee of the Company respectively. He joined the Group in 1999 and is responsible for the overall operation of the Group's projects, formulation of our development strategies, as well as supervising the project planning, business and operation management of the Group. He is also currently the president of Fantasia Group (China) Company Limited, chairman of Shenzhen Fantasia Real Estate Group Limited and the director of a number of the Group's subsidiaries including being a non-executive director of Colour Life. Prior to joining the Group, Mr. Pan was the project manager, manager of the marketing department, manager of the valuation department and assistant to general manager of World Union Real Estate Consultancy (Shenzhen) Ltd. (世聯地產顧問（深圳）有限公司). Mr. Pan obtained a Bachelor's degree in Conservancy and Hydropower Engineering from Chengdu University of Science and Technology (成都科技大學), now known as Sichuan University (四川大學), in 1992 and holds an EMBA degree from Tsinghua University. Mr. Pan is also a registered property valuer in China and a member of the Shenzhen Institution of Real Estate Appraisers (深圳市不動產估價學會).

Ms. ZENG Jie, Baby (曾寶寶)("Ms. Zeng"), is an executive Director of the Company. She is also a member of the Company's nomination committee. Ms. Zeng is one of the controlling shareholders and the largest shareholder of the Company.

Mr. DENG Bo (鄧波)("Mr. Deng"), aged 51, is an executive Director of Company. Mr. Deng currently serves as vice chief executive of Fantasia Group (China) Company Limited, a wholly-owned subsidiary of the Company, and is responsible for asset management department, audit and monitoring department, information department, mass data Company Soushe Development Research Institute (搜社發展研究院) and Hehenian Company. Prior to joining the Company, Mr. Deng held the position of investment development director of Oceanwide Real Estate Group from December 1998 to April 2010; from May 1997 to November 1998, he served as a design director of Shenzhen Grand Field Real Estate Development Co., Limited (深圳市鈞濠房地產開發有限公司); from July 1995 to May 1997, he served as an architectural designer of Shenzhen Nanyou Engineering Design Limited Company; and from August 1990 to March 1992, he served as an architectural designer of Changsha Institute of Architectural Design. Mr. Deng graduated from Hunan University in June 1989 with a Bachelor's degree in Architectural Studies. He also earned a Master's degree in Architectural Studies from the same university in July 1995. Mr. Deng has not held any directorships in any companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

NON-EXECUTIVE DIRECTORS

Mr. LI Dong Sheng (**李東生**)("Mr. Li"), aged 61, is a non-executive Director of the Company. He graduated from South China University of Technology in 1982 with a Bachelor's degree in Radio Technology and has more than 20 years of experience in the information technology sector. Mr. Li resigned as the Chairman and executive director of TCL Multimedia Technology Holdings Limited, a company listed on the Stock Exchange from September 2017. He is currently an independent non-executive director of Tencent Holdings Limited, a company listed on the Stock Exchange, and an independent director of Legrand, a company listed on NYSE Euronext.

Mr. LIAO Qian (**廖騫先生**)("Mr. Liao"), aged 38, is the secretary of the board of directors and vice chairman of the investment management committee of TCL Corporation ("TCL Corporation"), the shares of which are listed on Shenzhen Stock Exchange (Stock Code: 000100). He joined TCL Corporation in March 2014 as the officer of the board of directors. Mr. Liao was subsequently appointed as the secretary of the board of directors of TCL Corporation in April 2014, and a member of the executive committee of TCL Corporation in December 2014. Mr. Liao is also the chairman, non-executive director, chairman of the nomination committee and a member of the remuneration committee of China Display Optoelectronics Technology Holdings Limited, the shares of which are listed on Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (Stock Code: 334); and chairman and non-executive director of Tonly Electronics Holdings Limited, the shares of which are listed on Main Board of the Stock Exchange (Stock Code: 1249).

He served as a director of TCL Communication Technology Holdings Limited (whose shares were listed on the Stock Exchange during the period from 27 September 2004 up to 30 September 2016 (former stock code: 2618) and this company is currently a wholly-owned subsidiary of TCL Corporation) since May 2015, director of TCL Financial Holding (Shenzhen) Co. Ltd.* (TCL金融控股(深圳)有限公司) in September 2015, director of TCL Smart Home Technologies Co., Limited in November 2015, director of Highly Information Industry Co. Ltd (a subsidiary of TCL Corporation) and Huizhou Kuyou Network and Technology Co. Ltd.* (惠州酷友網絡科技有限公司) respectively in March 2016, director of Speedex Logistics Co. Ltd.* (速必達希傑物流有限公司, a non-wholly owned subsidiary of TCL Corporation) in July 2016, director of Shenzhen Hawk Internet Co. Ltd.* (深圳豪客互聯網有限公司, a non-wholly owned subsidiary of TCL Corporation) and TCL Culture and Media (Shenzhen) Co. Ltd* (TCL 文化傳媒(深圳)有限公司), a non-wholly owned subsidiary of TCL Corporation) in August 2016 and independent director of Shenzhen Jiawei Photovoltaic Lighting Co., Ltd. in November 2016.

Prior to joining TCL Corporation, from August 2006 to February 2014,Mr. Liao had worked for Guotai Junan Securities Co. Ltd. as senior manager and general manager of its financial advisory department and the director of corporate accounts department of Guotai Junan Securities Co. Ltd. (Shenzhen headquarters), responsible for the investment banking business of capital markets between Hong Kong and the People's Republic of China.

Mr. Liao graduated from Fuzhou University with a bachelor degree in economics in 2002, and obtained a master degree of laws from Yunnan University in 2006. Mr. Liao also holds a Chinese legal professional qualification certificate.

Mr. LAM Kam Tong ("Mr. Lam"), aged 50, is a non-executive director of Fantasia Group. Mr. Lam resigned as Chief Financial Officer and was re-designated from the Executive Director to a non-executive Director on 20 July 2018. Mr. Lam joined Fantasia Group in May 2012 and is responsible for Capital Markets and Investor Relationships Department of Fantasia Group. Prior to joining Fantasia Group, Mr. Lam was the executive director, chief financial officer and company secretary of China Aoyuan Property Group Ltd. (stock code: 3883) from December 2008 to May 2012, responsible for enforcing compliance with relevant laws and regulations, investor relationship management, merger and acquisition and overseas financing; the company is listed on the Main Board of the Stock Exchange and is principally engaged in property development business in the PRC. Mr. Lam has over 14 years of experience in professional auditing and has extensive experience in investor relations management, auditing, mergers and acquisitions and overseas financing. He is a member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Lam obtained a bachelor degree in business administration from the Chinese University of Hong Kong in July 1991. He was appointed as the company secretary and qualified accountant of Greentown China Holdings Ltd. (stock code: 3900) from May 2006 to October 2008, mainly responsible for financial management and company secretarial matters; the company is listed on the Main Board of the Stock Exchange. And principally engaged in property development business in the PRC. Mr. Lam was appointed as an independent non-executive director of Sheng Yuan Holdings Limited (stock code: 851) from November 2010 to March 2014, the company is listed on the Main Board of the Stock Exchange and is principally engaged in provision of financial services in Hong Kong. Mr. Lam resigned as an independent non-executive director of Pegasus Entertainment Holdings Limited (stock code: 8039) on 13 December 2017, the company is listed on the GEM of the Stock Exchange and is an investment holding company and its subsidiaries are principally engaged in film production, distribution and granting of film copyrights. Mr. Lam resigned as a non-executive director of Colour Life Services Group Co., Limited (stock code: 1778) on 19 July 2018.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. HO Man (何敏) ("Mr. Ho"), aged 49, is an independent non-executive Director of the Company, the chairman of the audit committee and a member of each of the remuneration committee and nomination committee of the Company respectively. Mr. Ho has over 19 years of working experience in private equity investment and finance and is currently the managing director of an investment holding company. Prior to that, Mr. Ho served as an executive partner representative of a Chengdu-based private equity investment fund from December 2011 to May 2014. Mr. Ho worked for a Hong Kong-based private fund management company during January 2010 to December 2013 and was the managing director and head of China growth and expansion capital of CLSA Capital Partners from August 1997 to October 2009. Mr. Ho was the non-executive director of SCUD Group Limited (stock code: 1399) from December 2006 to October 2009) and Shanghai Tonva Petrochemical Co., Ltd. (stock code 1103, previous stock code: 8251, currently known as Shanghai Dasheng Agriculture Finance Technology Co., Ltd) from September 2008 to October 2009, both being companies listed on the Main Board of the Stock Exchange. He was the independent director of Shenzhen Forms Syntron Information Co. Ltd (stock code: 300468.SZ), a company listed on the ChiNext of Shenzhen Stock Exchange, from February 2012 to February 2018.

Mr. Ho has been an independent non-executive director of Fu Shou Yuan International Group Limited (stock code: 1448), since December 2013; an independent non-executive director of CIMC-TianDa Holdings Company Limited, (stock code: 445) since July 2015; an independent nonexecutive director of Momentum Financial Holdings Limited (stock code: 1152) since November 2016; an independent non-executive director of Midas International Holdings Limited (Magnus Concordia Group Ltd) (stock code: 1172) since January 2018; and an independent non-executive director of Wanjia Group Holdings Limited (stock code: 401) since February 2018, all being companies listed on the Main Board of the Stock Exchange.

Mr. Ho has been a director of Shenzhen Daixiang Space Construction Co., Ltd., (stock code: 836604), a company listed on the National Equities Exchange and Quotations, since September 2015.

Mr. Ho was awarded an Executive Master of Business Administration degree from Tsinghua University and a master's degree in finance from the London Business School. He is also a Chartered Financial Analyst.

Mr. HUANG Ming (黃明) ("Mr. Huang"), aged 54, is an independent non-executive Director of the Company. He is the chairman of the remuneration committee and a member of each of the audit committee and nomination committee of the Company respectively. He has been a Professor of Finance at the Johnson Graduate School of Management at Cornell University since July 2005 and Head of School of Finance of Shanghai University of Finance and Economics from 2006 to April 2009. Mr. Huang was an Assistant Professor of Finance at Stanford University, Graduate School of Business from 1998 to 2002. He was also the Associate Dean, visiting Professor of Finance and Professor of Finance at Cheung Kong Graduate School of Business (長江商學院) from 2004 to 2005 and from 2008 to 2010 respectively. Since July 2010, Mr. Huang has been a Professor of Finance at China Europe International Business School (中歐國際工商學院). He graduated from Peking University in 1985 majoring in Physics. Mr. Huang then obtained a PhD in Physics and a PhD in Business from Cornell University and Stanford University respectively. Mr. Huang was the non-executive director of the Annuity Fund Management Board of China National Petroleum Corporation (中國石油天然氣集團年金理事會) and non-executive director of Qihoo 360 Technology Co. Ltd. (奇虎360科技有限公司), a company listed on Shanghai Stock Exchange, and non-executive director of Tebon Securities Co., Ltd. (德邦證券有限公司). Since 2008, Mr. Huang has been an independent director of Yingli Green Energy Holdings Co., Ltd. (英利綠色能源控股有限公司), a company listed on New York Stock Exchange. He is currently a non-executive director of 360buy Group (京東商城集團) and Guosen Securities Company Limited (國信證券有限公司). He is also an independent non-executive director of WH Group Limited, a company listed on the Main Board of the Stock Exchange. Mr. Huang resigned as an independent non-executive director of China Medical System Holdings Limited, a company listed on the Main Board of the Stock Exchange, since December 2017.

Dr. LIAO Jianwen (廖建文) ("Dr. Liao"), aged 51, is an independent non-executive Director of the Company, a member of each of the audit committee, remuneration committee and nomination committee of the Company respectively. Dr. Liao has extensive business research and teaching experience in United States, Hong Kong and the People's Republic of China (the "PRC"). He is well-known for his cross-discipline research, teaching and consultancy in relation to the strategy, innovation and entrepreneurship disciplines, extensive working experience encompassing North American and Asian regions, and has pioneering experience in biotechnology industry during his early years. Dr. Liao has been an associate dean and professor of managerial practice in strategy and innovation at Cheung Kong Graduate School of Business (長江商學院) since January 2012. Prior to that, he was an associate professor at Stuart School of Business in Illinois Institute of Technology from 2006 to 2012. In 2001, he was also a visiting professor at Hong Kong University of Science and Technology. He received a Doctorate degree in business administration from Southern Illinois University at Carbondale (USA) in August 1996, a Master's degree in economics from Renmin University of China (中國人民大學) in February 1991, and a Bachelor's degree in industry engineering from Northeastern University (東北大學) (formerly known as Northeastern Institute of Technology (東北工學院)) in July 1988. Dr. Liao served as an independent non-executive director of Qihoo 360 whose shares are traded at New York Stock Exchange and an independent non-executive director of China Mengniu Dairy Company Limited whose shares are traded on the Main Board of the Stock Exchange. He is currently an independent non-executive director of Colour Life Services Group Co., Limited and 361 Degrees International Limited, both companies are listed on the Main Board of the Stock Exchange; an independent director of China Merchants Shekou Industrial Zone Holdings Co., Ltd., a company listed on the Shenzhen Stock Exchange; and chief strategy officer of JD Group, a company listed on NASDAQ Stock Exchange.

Ms. WONG Pui Sze, Priscilla, JP (**王沛詩**) ("Ms. Wong"), aged 58, is an independent non-executive Director of the Company, a member of each of the audit committee, remuneration committee and nomination committee of the Company respectively. Ms. Wong was appointed Justice of the Peace in 2005. She is a member of Chinese People's Political Consultative Conference, Shanghai Committee in the People's Republic of China. In Hong Kong, Ms. Wong serves as the Chairperson of Appeal Board Panel (Consumer Good Safety), Chairperson of Employees Compensation Assistance Fund Board, member of Court of University of Hong Kong, member of Panel of the Witness Protection Review Board, member of Financial Reporting Review Panel and member of Hong Kong Bar Association Special Committee on Overseas Admissions (Civil). She graduated from The University of Hong Kong with a Bachelor of Law (Hons) degree and a Master of Laws degree from the London School of Economics and Political Science of The University of London. Ms. Wong was called to the Bar in Hong Kong in 1985 and is a practising barrister in Hong Kong. She is a mediator of Centre for Effective Dispute Resolution and an arbitrator of China International Economic and Trade Arbitration Commission. Ms. Wong is also an advocate and solicitor admitted in Singapore.

Mr. GUO Shaomu (**郭少牧**) ("Mr. Guo"), aged 53, is an independent non-executive Director of the Company. He is also a member of each of the audit committee, remuneration committee and nomination committee of the Company respectively. He has over 13 years of experience in investment banking in Hong Kong. From February 2000 to February 2001, Mr. Guo served as an associate director of corporate finance of Salomon Smith Barne, an investment bank principally engaged in providing financial services (an investment banking arm of Citigroup Inc.), where he was primarily responsible for supporting the marketing and execution works of the China team. From March 2001 to September 2005, Mr. Guo served as an associate director of global investment banking of HSBC Investment Banking, an investment bank principally engaged in providing financial services, where he was primarily responsible for the execution of China-related transactions. From October 2005 to April 2007, Mr. Guo served as a vice president and director of the real estate team of J.P. Morgan Investment Banking Asia, an investment bank principally engaged in providing financial services, where he was primarily responsible for the marketing works covering the real estate sector in China. From April 2007 to April 2013, Mr. Guo served as a director and managing director of the real estate team of Morgan Stanley Investment Banking Asia, an investment bank principally engaged in providing financial services, where he was one of the key members responsible for the business in the real estate sector in the Greater China region. Since January 2014, Mr. Guo has been an independent non-executive director of Galaxycore Inc., a leading China-based fabless image sensor company targeting the global mobile device and consumer electronics market. Since June 2014, Mr. Guo has been an independent non-executive director of Yida China Holdings Limited (a company listed on the Main Board the Stock Exchange), a real estate developer based in Dalian, China. Mr. Guo received his bachelor's degree in electrical engineering from Zhejiang University in July 1989, a master's degree in computer engineering from University of Southern California in May 1993 and a master's degree in business administration from the School of Management of Yale University in May 1998.

Mr. JIAN Jianxun (簡堅訓) ("Mr. Jian"), aged 48, is the deputy chief executive of Fantasia Group (China) Co., Limited, and is responsible for managing the legal department (法律事務部) and overseas company (海外公司), trading company (貿易公司) and Beiyou Company (北油公司). Mr. Jian joined the Group in March 2014 and served as the general counsel (法務長) of Fantasia Holdings Group (China) Co., Limited from 2014 to 2015. Prior to joining the Group, he was a lawyer of Zhong Yin Law Firm in Beijing (北京中銀律師事務所) from 2013 to 2014 and senior legal specialist (法務高專), deputy manager (副理), manager, assistant manager (協理), deputy general manager (chief compliance officer (合規總監) and general counsel of the Group (集團法務長)) of Polaris Financial Group (寶來金融集團) from 2001 to 2012. Mr. Jian received a Bachelor's degree in Comparative Law from Soochow University in 1995, a Master's degree in International Laws (國際法) from Tamkang University (淡江大學) in Taiwan in 1998 and a PhD in Law from University of International Business and Economics (對外經濟貿易大學) in 2013.

Ms. ZHANG Xiaofang (張曉芳) ("Ms. Zhang"), aged 50, is the deputy chief executive of Fantasia Group (China) Co., Limited, and is responsible for managing the Chief Executive Office (總裁辦) of China Group (中國集團), human resources department, Charity Foundation (公益基金會) and Qiertang Company (七二唐公司). Ms. Zhang joined the Group in December 2016. Prior to joining the Group, she was the deputy chief executive of Qianhai Fosun Ruizhe Asset Management Co., Ltd. (前海複星瑞哲資產管理有限公司) from 2014 to 2016, senior management consultant (高級管理顧問) of Jin Tong Asset Management Company Limited (金通資產管理有限責任公司) from 2013 to 2014; deputy chief executive and acting CEO of Chinalin Securities Co., Ltd. (華林證券有限責任公司) from 2011 to 2013, assistant general manager (administrative planning) of Ping An Life Insurance, Harbin Branch, general manager of human resources centre (staff service) of Ping An Insurance, general manager of human resources department of Ping An Securities from 1999 to 2011, deputy librarian (副館長) of the Heilongjiang University Yichun Campus Library (黑龍江大學分校圖書館) from 1993 to 1999 and staff member of Yichun Municipal Archives Bureau (伊春市檔案局) from 1990 to 1993. Ms. Zhang obtained her Bachelor's degree in Library Science (圖書情報) from Heilongjiang University in 1990.

Mr. LIU Zongbao (劉宗保) ("Mr. Liu"), aged 50, is the president of Shenzhen Fantasia Real Estate Group Company Limited and is also the director of a number of subsidiaries of the Group. Mr. Liu joined the Group in March 2005 and served as the sales director of our Company and deputy general manager and general manager of the Chengdu branch of Fantasia Real Estate Group, and also vice president of Shenzhen Fantasia Real Estate Group Company Limited. Prior to joining our Group, he was deputy general manager of Shenzhen Zhonglian Real Estate Development Co., Ltd. (深圳市中聯房地產企業發展有限公司) from 2004 to 2005 and manager of the sales and marketing department of Shenzhen Xinghe Real Estate Development Co., Ltd. (深圳市星河房地產開發公司) from 2001 to 2003. Mr. Liu received his Bachelor's degree in construction management engineering from Southeast University (東南大學) in 1991 and an Executive Master's Degree in Business Administration ("EMBA Degree") from China Europe International Business School in 2018.

Mr. TANG Xuebin (唐學斌) ("Mr. Tang"), aged 51, was appointed as a director of Colour Life on 30 October 2012 and was re-designated as an executive director of Colour Life on 11 June 2014. He is also the chief executive officer of Colour Life. He joined the Group in 2002 and is responsible for the operation and management of Colour Life Group. He also serves as the general manager of a number of subsidiaries of Colour Life Group. Mr. Tang has over 20 years of experience in property management. Prior to joining the Group, he worked at China Overseas Property Management Co., Ltd. (中海物業管理有限公司), a company which is principally engaged in property management, from 1997 to 2001, where his last position held was deputy general manager and was primarily responsible for the management of its engineering department. Mr. Tang obtained a Bachelor's degree in industrial electrical automation (工業電氣自動化) from Tongji University (同濟大學) in July 1993, an Executive Master of Business Administration degree ("EMBA degree") from China Europe International Business School (中歐國際工商學院) in September 2010 and an executive education program certificate from Cheung Kong Graduate School of Business (長江商學院) in June 2012.

Mr. CHEN Xiangming (陳湘明) ("Mr. Chen"), aged 49, is the president of Shenzhen Home E&E Commercial Services Group Co. Ltd. (深圳市美易家商務服務集團有限公司). He joined the Group in July 2012 and is responsible for the overall management of Shenzhen Home E&E Commercial Services Group Co. Ltd. Prior to joining the Group, he was the general manager of Shenzhen Baopu Property Service Co., Ltd. (深圳市抱樸物業服務有限公司) from 2011 to 2012, general manager of Shenzhen Terra Property Management Service Co., Ltd. (深圳市泰然物業管理服務有限公司) from 2007 to 2011, general manager of Shenzhen Excellence Property Management Co., Ltd. (深圳市卓越物業管理有限公司) from 2006 to 2007, and vice-general manager of Shenzhen Fantasia Property Management Co., Ltd. (深圳市花樣年物業管理有限公司) from 2002 to 2006. Mr. Chen completed his tertiary education in Safety Engineering from Hunan University Hengyang Campus in 1992.

Mr. QIU Zhidong (邱志東) ("Mr. Qiu"), aged 52, is the president of Shenzhen Fantasia Business Management Company Limited (深圳花樣年商業管理有限公司). Mr. Qiu joined the Group in June 2013 and is wholly responsible for the daily operation and management of Shenzhen Fantasia Business Management Company Limited. Prior to joining the Group, he was the vice president of Shenzhen Jinguanghua Shiye Group (深圳金光華實業集團) from 2005 to 2013, managing director of Shenzhen Jinguanghua Business Company Limited (深圳市金光華商業有限公司) from 2003 to 2005, general manager of Shenzhen Modern Friendship Co., Ltd (現代友誼股份有限公司)/Shenzhen Friendship Department Store Company Limited (深圳友誼城百貨有限公司) from 1997 to 2003, deputy director of Cadres Division of Organization Department (組織部幹部處) and Managerial Division of Corporate Leading Officers (企業領導人員管理處) of Shenzhen Municipal Committee of CPC (中共深圳市委) from 1992 to 1997, officer of Cadre Department of Organization Department of Chaozhou Municipal Committee of CPC (中共潮州市委組織部幹部科) from 1988 to 1992 and teacher of Chaozhou High School (潮州高級中學) in Guangdong Province in 1988. Mr. Qiu received a Master's degree in Business Administration from Hong Kong Baptist University in 2003 and a Bachelor's degree in Computer Science from Hanshan Normal University (韓山師範學院) in Guangdong Province in 1988.

Mr. WANG Jianning (王建寧) ("Mr. Wang"), aged 52, is the general manager of Shenzhen Funian Jet Aviation Co., Ltd. (深圳市福年商務航空有限公司) and the chairman of Morning Star Travel Service Limited. Mr. Wang joined the Group in March 2017, and is wholly responsible for the daily operation and management of Shenzhen Funian Jet Aviation Co., Ltd. (深圳市福年商務航空有限公司) and the chairman of Morning Star Travel Service Limited. Prior to joining the Group, he was the head of Southern Air News, Party committee secretary and vice minister of political work department in China Southern Air Holding Company, and president, general manager and Party committee secretary of China Southern Air Media during 2003 to 2017 and head of CAAC NEWS, Guangzhou Bureau from 1995 to 2003. Mr. Wang obtained an EMBA degree from the School of Economics and Management in Tsinghua University in 2008 and received a Bachelor degree in Chinese from Nanjing University in 1988.

The Directors have pleasure in presenting their annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries are set out in note 58 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended 31 December 2018 are set out in the consolidated statement of comprehensive income on page 83.

BUSINESS REVIEW AND PERFORMANCE

A fair review of the business of the Group and a discussion and analysis of the Group's performance during the year and the material factors underlying its results and financial position are provided in the Chairman's Statement, Financial Review and Business Review sections respectively from pages 8 to 10, 12 to 18 and 18 to 35 of this Annual Report. The future development of the Group's business is discussed throughout this Annual Report including in the Chairman's Statement from pages 8 to 10 of this Annual Report. In addition, more details regarding the Group's performance by reference to environmental and social-related key performance indicators and policies, as well as compliance with relevant laws and regulations which have a significant impact on the Group, are provided in the Corporate Governance Report and the Environmental, Social and Governance Report (the "ESG Report"), which will be published separately.

ESG REPORT

As a corporate citizen, the Group has always been committed to promoting the sustainable development of business, the environment and even the community. For the strategy and performance of the Group in relation to sustainable development, please refer to the ESG Report to be published separately. The ESG Report will be uploaded to the websites of the Company and the Stock Exchange as close as possible to, and in any event no later than three months after, the publication of this annual report.

DIVIDENDS DISTRIBUTION

The Directors recommended the declaration of a final dividend at the rate of HK$4.00 cents per share payable on Friday, 28 June 2019 to all persons registered as holders of shares of the Company on Thursday, 30 May 2018, subject to the approval of the shareholders at the forthcoming annual general meeting of the Company (the "AGM"). The aggregate amount shall be paid out of the Company's share premium account.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the following periods:

(a) For the purpose of determining shareholders of the Company who are entitled to attend and vote at the forthcoming AGM to be held on Wednesday, 22 May 2019, the register of members of the Company will be closed on Thursday, 16 May 2019 to Wednesday, 22 May 2019, both days inclusive. In order to qualify for attending and voting at the AGM, all transfer documents should be lodged for registration with Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 15 May 2019.

(b) For the purpose of determining shareholders of the Company who qualify for the final dividend, the register of members of the Company will be closed on Tuesday, 28 May 2019 to Thursday, 30 May 2019, both days inclusive. In order to qualify for the final dividend, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 27 May 2019.

Cheng Du Family Is All

SHARE CAPITAL

Details of change in the share capital of the Company during the year are set out in note 44 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment during the year are set out in note 15 to the consolidated financial statements.

RESERVES OF THE COMPANY

Details of the movements in the reserves of the Company and the Group during the year ended 31 December 2018 are set out in note 59 to the consolidated financial statements.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive Directors:
Mr. Pan Jun (Chairman)
Ms. Zeng Jie, Baby
Mr. Deng Bo

Non-executive Directors:
Mr. Li Dong Sheng
Mr. Liao Qian
Mr. Lam Kam Tong
(re-designated as non-executive director on 20 July 2018)

Independent non-executive Directors:
Mr. Ho Man
Mr. Huang Ming
Dr. Liao Jianwen
Ms. Wong Pui Sze, Priscilla, JP
Mr. Guo Shaomu

In accordance with Article 84 of the Articles of Association, Ms. Zeng Jie, Baby, Mr. Deng Bo, Mr. Liao Qian and Mr. Ho Man shall retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming AGM. A circular containing the biographical details of the Director candidates, the explanatory statement on buyback of the shares of the Company and the notice of the AGM will be sent to shareholders of the Company.

Each of Mr. Pan Jun and Ms. Zeng Jie, Baby entered into a service contract with the Company for an initial term of three years commencing from 25 November 2009. Their service contracts had been renewed on 25 November 2018 for another term of three years. Mr. Lam Kam Tong ("Mr. Lam") entered into a service contract with the Company for an initial term of three years commencing from 23 May 2012. Mr. Lam was then appointed as executive Director on 28 May 2012. His service contract was renewed on 28 May 2017 for another term of three years. Mr. Lam was subsequently re-designated as non-executive director on 20 July 2018. His service had been renewed on 20 July 2018 for another three years. Mr. Deng Bo ("Mr. Deng") was appointed as executive Director on 17 January 2017. Mr. Deng has entered into a service contract with the Company for an initial term of three years, his service contract will be renewed on 28 January 2020 for another term of three years. The above service contracts may only be terminated in accordance with the provisions of such service contract or by either party giving to the other not less than three months prior notice in writing.

Mr. Li Dong Sheng was appointed as non-executive Director for an initial term of three years commencing on 6 January 2014. His appointment will be renewed on 6 January 2020 for another term of three years. Mr. Liao Qian was appointed as non-executive Director for a term of three years commencing on 31 March 2017. His service contract will be renewed on 31 March 2020 for another three years.

Each of Mr. Ho Man and Mr. Huang Ming was appointed as independent non-executive Directors for an initial term of three years commencing from 25 November 2009. Their appointments had been renewed on 25 November 2018 for another term of three years. Each of Dr. Liao Jianwen, Ms. Wong Pui Sze, Priscilla, JP and Mr. Guo Shaomu were appointed as independent non-executive Directors for an initial term of three years commencing from 17 February 2015. Their appointments were renewed on 17 February 2018 for another term of three years.

No Director proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Group within one year without payment of compensation, other than normal statutory compensation.

Brand Activities

SENIOR MANAGEMENT'S EMOLUMENTS

Pursuant to code provision B.1.5, the annual remuneration of the members of the senior management (other than Directors) by bands for the year ended 31 December 2018 is set out below:

	Number of individuals
Nil to HK$1,000,000	64
HK$1,000,001 to HK$2,000,000	29
HK$2,000,001 to HK$3,000,000	5
HK$3,000,001 to HK$4,000,000	2
Above HK$4,000,000	3
	103

Details of the remuneration of each of the Directors for the year ended 31 December 2018 are set out in note 12 to the consolidated financial statements.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION

As at 31 December 2018, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or of any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) of the Company, which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix 10 to the Rules Governing the Listing of Securities in the Stock Exchange (the "Listing Rules") were as follows:

(i) Long positions in the shares and underlying shares of the Company:

Director	**Nature of interest**	**Interest in ordinary shares of the Company**	**Interest in underlying Shares of the Company**	**Approximate percentage of interest in the Company as at 31 December 2018**
Ms. Zeng Jie, Baby	Interest of controlled corporation	3,314,090,500[(1)]	–	57.51%
	Beneficial owner	–	9,980,000[(2)]	0.17%
Mr. Pan Jun	Beneficial owner	–	9,980,000[(2)]	0.17%
Mr. Lam Kam Tong	Beneficial owner	–	2,770,000[(2)]	0.05%
Mr. Ho Man	Beneficial owner	–	1,600,000[(2)]	0.03%
Mr. Huang Ming	Beneficial owner	–	1,600,000[(2)]	0.03%

East Blink Day

Cheng Du Dragon Era International Center

Notes:

(1) Fantasy Pearl International Limited ("Fantasy Pearl") is owned as to 80% by Ice Apex Limited ("Ice Apex") and 20% by Graceful Star Overseas Limited ("Graceful Star"). While Ice Apex is wholly owned by Ms. Zeng Jie, Baby, Ms. Zeng Jie, Baby is deemed to be interested in the shares of the Company held by Fantasy Pearl for the purpose of Part XV of the SFO.

(2) The relevant Director was granted options to subscribe for such number of shares of the Company under the Scheme (as defined under the sub-section headed "Share Option Scheme" in the "Corporate Governance and Other Information" section below) on 29 August 2011.

(ii) Long positions in the debentures of the Company:

– USD250,000,000 aggregate principal amount of its 10.75% senior notes due 2020 ("2020 USD Notes")

Director	Nature of interest	Amount of debentures of the Company held	Approximate percentage of the interest in the 2020 USD Notes as at 31 December 2018[1]
Mr. Guo Shaomu	Beneficial owner	USD200,000	0.08%

Note:

(1) The percentage of the interest in the USD Notes is based on the aggregate principal amount of USD250,000,000.

(iii) Long positions in association corporations:

A. Fantasy Pearl

Director	Nature of interest	Number of shares	Description of shares	Approximate percentage of interest in the associated corporation as at 31 December 2018
Ms. Zeng Jie, Baby	Interest of controlled corporation	80[(1)]	Ordinary	80%
Mr. Pan Jun	Interest of controlled corporation	20[(2)]	Ordinary	20%

Notes:

(1) These are shares held by Ice Apex in Fantasy Pearl and Ice Apex is wholly owned by Ms. Zeng Jie, Baby.

(2) These are shares held by Graceful Star in Fantasy Pearl and Graceful Star is wholly owned by Mr. Pan Jun.

B. Colour Life

Director	Nature of interest	Number of shares	Description of shares	Approximate percentage of interest in the associated corporation as at 31 December 2018
Ms. Zeng Jie, Baby	Interest of controlled corporation	954,659,259[(1)]	Ordinary	71.85%
Mr. Pan Jun	Beneficial owner	1,255,440[(2)]	Ordinary	0.13%
Mr. Lam Kam Tong	Beneficial owner	510,000[(2)]	Ordinary	0.05%
Dr. Liao Jianwen	Beneficial owner	510,000[(2)]	Ordinary	0.05%

Note:

(1) Ms. Zeng wholly owns Ice Apex Limited, which in turn owns 80% interest in Fantasy Pearl International Limited ("Fantasy Pearl"). Fantasy Pearl holds 57.51% interest in the Company. Fantasia Pearl has an interest in 954,659,259 shares in Colour Life (including 952,488,259 shares being held through the Company and 2,171,000 shares being held by itself beneficially). Ms. Zeng is therefore deemed to be interested in 954,659,259 shares of Colour Life for the purpose of Part XV of the SFO.

(2) These represent share options granted by Colour Life subject to vesting schedules.

C. Shenzhen Caizhiyun Network Technology Co., Ltd. ("Caizhiyun Network")

Director	Nature of interest	Registered capital (RMB)	Approximate percentage of interest in the associated corporation as at 31 December 2018
Mr. Pan Jun	Beneficial owner	7,000,000[(1)]	70%

Note:

(1) Caizhiyun Network is owned as to 70% by Mr. Pan Jun and 30% by Mr. Tang Xuebin. The financial results of Caizhiyun Network have been consolidated and accounted for as a subsidiary of Colour Life by virtue of certain structured contracts, details of which are disclosed in the section headed "History, Reorganization and the Group Structure" in Colour Life's prospectus dated 17 June 2014.

Save as disclosed above, as at 31 December 2018, none of the Directors and chief executive of the Company had an interest or short position in the equity or debt securities and underlying shares of the Company or any associated corporations (within the meaning of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO (including the interests and short positions which the director is taken or deemed to have under such provisions of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Option Scheme") which became effective on 27 October 2009 for the purpose of rewarding eligible participants who have contributed to the Group and to encourage eligible participants to work towards enhancing the value of the Company. Eligible participants of the Scheme include Directors and employees of the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters or service providers of any member of the Group who the Board considers, in its sole discretion, have contributed or will contribute to the Group. Subject to earlier termination by the Company in general meeting or by the Board, the Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

Cheng Du Intelligent City

The total number of Shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% in nominal amount of the aggregate of Shares in issue, unless with the prior approval from the Company's shareholders. The maximum number of Shares in respect of which options may be granted under the Scheme to any individual in any 12-month period is not permitted to exceed 1% in nominal amount of the aggregate of Shares in issue, unless with the prior approval from the Company's shareholders and with such participants and his associates abstaining from voting. Options granted to any Director, chief executive or substantial shareholder of the Company, or any of their respective associates, shall be subject to the prior approval of the independent non-executive Directors. Where any option granted to a substantial shareholder or an independent non-executive Director, or any of their respective associates, would result in the Shares issued or to be issued upon exercise of all options already granted and to be granted to such person in the 12 month period, (i) representing in aggregate over 0.1% of the Shares in issue on the date of such grant; and (ii) having an aggregate value, based on the closing price of the Shares, in excess of HK$5 million, such grant of options shall be subject to prior approval by resolutions of the Shareholders (voting by way of poll). As at the date of this annual report, the total number of outstanding shares which may be issued under the Share Option Scheme is 84,027,920, representing 1.46% of the total number of shares of the Company in issue.

An offer of the grant of an option under the Scheme shall remain open for acceptance for 28 days from the date of grant. Upon acceptance of such grant, the grantee shall pay HK$1 per option to the Company as consideration. Options may be exercised in accordance with the terms of the Scheme at any time from the date of grant until the expiry of 10 years from such date. The subscription price shall be determined by the Board in its absolute discretion, and in any event shall not be less than the higher of (i) the closing price of the Shares on the date of grant, (ii) the average closing price of the Shares for the five business days immediately preceding the date of grant, and (iii) the nominal value of a Share.

The summary below sets out the details of movement of options granted as at 31 December 2018 pursuant to the Share Option Scheme:

				Number of share option						
Name	Date of grant	Exercise price HK$	Closing price of the shares on the date of grant HK$	Balance as at 1 January 2018	Granted during the year	Exercisable/ exercised during the year	Cancelled/ lapsed during the year	Balance as at 31 December 2018	Weighted average closing price immediately before exercise HK$	Note
Mr. Pan Jun	29 August 2011	0.836	0.82	4,990,000	–	–	–	4,990,000	–	(2)
	16 October 2012	0.8	0.77	4,990,000	–	–	–	4,990,000	–	(3)
Ms. Zeng Jie, Baby	29 August 2011	0.836	0.82	4,990,000	–	–	–	4,990,000	–	(2)
	16 October 2012	0.8	0.77	4,990,000	–	–	–	4,990,000	–	(3)
Mr. Deng Bo	29 August 2011	0.836	0.82	770,000	–	–	–	770,000	–	(1)
	16 October 2012	0.8	0.77	1,540,000	–	–	–	1,540,000	–	(3)
Mr. Lam Kam Tong	16 October 2012	0.8	0.77	2,770,000	–	–	–	2,770,000	–	(3)
Mr. Ho Man	29 August 2011	0.836	0.82	800,000	–	–	–	800,000	–	(2)
	16 October 2012	0.8	0.77	800,000	–	–	–	800,000	–	(3)
Mr. Huang Ming	29 August 2011	0.836	0.82	800,000	–	–	–	800,000	–	(2)
	16 October 2012	0.8	0.77	800,000	–	–	–	800,000	–	(3)
Other employees	29 August 2011	0.836	0.82	18,424,340	–	(167,280)	(151,240)	18,105,820	1.44	(1)
	29 August 2011	0.836	0.82	9,205,000	–	(684,800)	–	8,520,200	1.44	(2)
	16 October 2012	0.8	0.77	29,231,500	–	(69,600)	–	29,161,900	1.47	(3)
Total				85,100,840	–	(921,680)	(151,240)	84,027,920		

Notes:

(1) The share options are exercisable during the following periods:

(a) up to 10% of the share options granted to each grantee at any time after the expiration of 12 months from 29 August 2011 to 28 August 2021 and after the grantee has satisfied the vesting conditions specified by the Board;

(b) up to 20% of the share options granted to each grantee at any time after the expiration of 24 months from 29 August 2011 to 28 August 2021 and after the Grantee has satisfied the vesting conditions specified by the Board; and

(c) up to 70% of the share options granted to each grantee at any time after the expiration of 36 months from 29 August 2011 to 28 August 2021 and after the Grantee has satisfied the vesting conditions specified by the Board.

(2) The share options are exercisable during the following periods:

(a) up to 10% of the share options granted to each grantee at any time after the expiration of 12 months from the 29 August 2011 to 28 August 2021;

(b) up to 20% of the share options granted to each grantee at any time after the expiration of 24 months from 29 August 2011 to 28 August 2021; and

(c) up to 70% of the share options granted to each grantee at any time after the expiration of 36 months from 29 August 2011 to 28 August 2021.

(3) The share options are exercisable during the following periods:

(a) up to 10% of the share options granted to each grantee at any time after the expiration of 12 months from the 16 October 2012 to 15 October 2022 and after the grantee has satisfied the vesting conditions specified by the Board;

(b) up to 20% of the share options granted to each grantee at any time after the expiration of 24 months from 16 October 2012 to 15 October 2022 and after the grantee has satisfied the vesting conditions specified by the Board; and

(c) up to 70% of the share options granted to each grantee at any time after the expiration of 36 months from 16 October 2012 to 15 October 2022 and after the Grantee has satisfied the vesting conditions specified by the Board.

Colour Life adopted a share option scheme ("Colour Life Share Option Scheme") by the written resolutions of the Shareholders passed on 11 June 2014. The terms of the Colour Life Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. The Colour Life Share Option Scheme is a share incentive scheme and is established to recognize, acknowledge and reward eligible participants who have contributed to the Colour Life Group and to encourage eligible participants to work towards enhancing the value of Colour Life. Eligible participants of the Colour Life Share Option Scheme include directors of Colour Life and employees of the Colour Life Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters or service providers of any member of the Colour Life Group who the board of directors of Colour Life (the "Colour Life Board") considers, in its sole discretion, have contributed or will contribute to the Colour Life Group. Subject to earlier termination by Colour Life in general meeting or by the Colour Life Board, the Colour Life Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

The total number of shares of Colour Life in respect of which options may be granted under the Colour Life Share Option Scheme is not permitted to exceed 10% in nominal amount of the aggregate of shares of Colour Life in issue, unless with the prior approval from Colour Life's shareholders. The maximum number of shares of Colour Life in respect of which options may be granted under the Colour Life Share Option Scheme to any individual in any 12-month period is not permitted to exceed 1% in nominal amount of the aggregate of shares of Colour Life issue, unless with the prior approval from Colour Life's shareholders and with such participants and his associates abstaining from voting. Options granted to any director, chief executive or substantial shareholder of Colour Life, or any of their respective associates, shall be subject to the prior approval of the independent non-executive directors of Colour Life. Where any option granted to a substantial shareholder or an independent non-executive director of Colour Life, or any of their respective associates, would result in the shares of Colour Life issued or to be issued upon exercise of all options already granted and to be granted to such person in the 12 month period, (i) representing in aggregate over 0.1% of the shares of Colour Life in issue on the date of such grant; and (ii) having an aggregate value, based on the closing price of the shares of Colour Life, in excess of HK$5 million, such grant of options shall be subject to prior approval by resolutions of the shareholders of Colour Life (voting by way of poll). As at the date of this annual report, the total number of outstanding shares which may be issued under the Colour Life Share Option Scheme is 85,729,878, representing 6.45% of the total number of shares of Colour Life in issue.

An offer of the grant of an option under the Colour Life Share Option Scheme shall remain open for acceptance for 28 days from the date of grant. Upon acceptance of such grant, the grantee shall pay HK$1 per option to Colour Life as consideration. Options may be exercised in accordance with the terms of the Colour Life Share Option Scheme at any time from the date of grant until the expiry of 10 years from such date. The subscription price shall be determined by the Colour Life Board in its absolute discretion, and in any event shall not be less than the higher of (i) the closing price of the shares of Colour Life on the date of grant, (ii) the average closing price of the shares of Colour Life for the five business days immediately preceding the date of grant, and (iii) the nominal value of a share of Colour Life. An option may be exercised in accordance with the terms of the Colour Life Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Colour Life Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the Colour Life Share Option Scheme. Subject to earlier termination by Colour Life in general meeting or by the Colour Life Board, the Colour Life Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

The summary below sets out the details of movement of options granted as at 31 December 2018 pursuant to the Colour Life Share Option Scheme:

Name	Date of grant	Exercise price HK$	Closing price of the shares on the date of grant HK$	Number of share options Balance as at 1 January 2018	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Balance as at 31 December 2018	Weighted average closing price immediately before exercise HK$	Notes
Mr. Tang Xuebin	29 September 2014	6.66	6.66	547,790	–	–	–	547,790	–	(1)
				347,650	–	–	–	347,650	–	(2)
	30 April 2015	11.00	10.88	103,500	–	–	–	103,500	–	(3)
	18 March 2016	5.764	5.76	100,000	–	–	–	100,000	–	(4)
	27 November 2018	4.11	4.11	–	500,000	–	–	500,000	–	(6)
Mr. Dong Dong	29 September 2014	6.66	6.66	455,150	–	–	–	455,150	–	(1)
				347,650	–	–	–	347,650	–	(2)
	30 April 2015	11.00	10.88	123,500	–	–	–	123,500	–	(3)
	18 March 2016	5.764	5.76	100,000	–	–	–	100,000	–	(4)
	27 November 2018	4.11	4.11	–	500,000	–	–	500,000	–	(6)
Mr. Huang Wei	27 November 2018	4.11	4.11	–	500,000	–	–	500,000	–	(6)
Mr. Pan Jun	29 September 2014	6.66	6.66	547,790	–	–	–	547,790	–	(1)
				347,650	–	–	–	347,650	–	(2)
	30 April 2015	11.00	10.88	180,000	–	–	–	180,000	–	(3)
	18 March 2016	5.764	5.76	180,000	–	–	–	180,000	–	(4)
	27 November 2018	4.11	4.11	–	500,000	–	–	500,000	–	(6)
Mr. Lam Kam Tong	29 September 2014	6.66	6.66	150,000	–	(150,000)	–	–	6.25	(1)
	30 April 2015	11.00	10.88	180,000	–	–	(180,000)	–	–	(3)
	18 March 2016	5.764	5.76	180,000	–	(120,000)	(60,000)	–	6.25	(4)
Mr. Zhou Hongyi	30 April 2015	11.00	10.88	180,000	–	–	–	180,000	–	(3)
	18 March 2016	5.764	5.76	180,000	–	–	–	180,000	–	(4)
	27 November 2018	4.11	4.11	–	200,000	–	–	200,000	–	(6)
Mr. Tam Chun Hung, Anthony	29 September 2014	6.66	6.66	150,000	–	–	–	150,000	–	(1)
	30 April 2015	11.00	10.88	180,000	–	–	–	180,000	–	(3)
	18 March 2016	5.764	5.76	180,000	–	–	–	180,000	–	(4)
	27 November 2018	4.11	4.11	–	200,000	–	–	200,000	–	(6)
Dr. Liao Jianwen	29 September 2014	6.66	6.66	150,000	–	–	–	150,000	–	(1)
	30 April 2015	11.00	10.88	180,000	–	–	–	180,000	–	(3)
	18 March 2016	5.764	5.76	180,000	–	–	–	180,000	–	(4)
	27 November 2018	4.11	4.11	–	200,000	–	–	200,000	–	(6)
Mr. Xu Xinmin	29 September 2014	6.66	6.66	150,000	–	–	–	150,000	–	(1)
	30 April 2015	11.00	10.88	180,000	–	–	–	180,000	–	(3)
	18 March 2016	5.764	5.76	180,000	–	–	–	180,000	–	(4)
	27 November 2018	4.11	4.11	–	200,000	–	–	200,000	–	(6)
Employees of the Group,	29 September 2014	6.66	6.66	14,122,748	–	(3,609,600)	–	10,513,148	6.25	(1)
a resigned non-executive Director				18,916,809	–	(3,943,456)	–	14,973,353	6.25	(2)&(5)
and certain minority shareholders	30 April 2015	11.00	10.88	17,267,005	–	–	–	17,267,005	–	(3)
of the Company's subsidiaries	18 March 2016	5.764	5.76	24,591,238	–	(6,328,066)	(22,200)	18,240,972	6.25	(4)
	27 November 2018	4.11	4.11	–	16,664,720	–	–	16,664,720	–	(6)
Total				80,678,480	19,464,720	(14,151,122)	(262,200)	85,729,878		

Notes:

(1) Such share options shall be vested in three tranches in accordance with the following dates: (i) one third of which shall be vested on the date on which the share options were granted; (ii) one third of which shall be vested on the first anniversary of the date of grant, i.e. 29 September 2015; and (iii) and the remaining one third of which shall be vested on the second anniversary of the date of grant, i.e. 29 September 2016. The exercise period of these share options will expire on 28 September 2024.

(2) Such share options shall be vested in three tranches in accordance with the following dates: (i) one third of which shall be vested on the first anniversary of the date of grant, i.e. 29 September 2015; (ii) one third of which shall be vested on the second anniversary of the date of grant, i.e. 29 September 2016; and (iii) the remaining one third of which shall be vested on the third anniversary of the date of grant, i.e. 29 September 2017. The exercise period of these share options will expire on 28 September 2024.

(3) Such share options shall be vested in three tranches in accordance with the following dates: (i) one third of which shall be vested on the first anniversary of the date of grant, i.e. 30 April 2016; (ii) one third of which shall be vested on the second anniversary of the date of grant, i.e. 30 April 2017; and (iii) the remaining one third of which shall be vested on the third anniversary of the date of grant, i.e. 30 April 2018. The exercise period of these share options will expire on 29 April 2025.

(4) Such share options shall be vested in three tranches in accordance with the following dates: (i) one third of which shall be vested on the first anniversary of the date of grant, i.e. 18 March 2017; (ii) one third of which shall be vested on the second anniversary of the date of grant, i.e. 18 March 2018; and (iii) the remaining one third of which shall be vested on the third anniversary of the date of grant, i.e. 18 March 2019. The exercise period of these share options will expire on 17 March 2026.

(5) The exercise period of 150,000 share options granted to Mr. Zeng Liqing, who resigned as non-executive director of Colour Life on 21 April 2015, has been extended at the discretion of the board of Colour Life.

(6) Such share options shall be vested in three tranches in accordance with the following dates: (i) one third of which shall be vested on the first anniversary of the date of grant, i.e. 27 November 2019; (ii) one third of which shall be vested on the second anniversary of the date of grant, i.e. 27 November 2020; and (iii) the remaining one third of which shall be vested on the third anniversary of the date of grant, i.e. 27 November 2021.

SHARE AWARD SCHEME

Colour Life also adopted a share award scheme with a size of RMB15.0 million in 2018. Through share repurchase and grant, mid-level and senior management officers with outstanding performance are awarded and recognised for their valuable contribution to the Colour Life Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

Senior Notes

On 21 February 2018, the Company issued senior notes due 2019 with principal amount of USD300,000,000 at a coupon rate of 7.25% per annum (the "7.25% Original Notes due 2019") for the purposes of refinancing certain of its indebtedness. The Company has repurchased the 7.25% Original Notes due 2019 amounting to USD12.74 million in November 2018. Further details relating to the issue of the 7.25% Original Notes due 2019 are disclosed in the announcements of the Company dated 21 February 2018, 6 November 2018, 28 December 2018 and 4 February 2019.

On 2 March 2018, the Company issued senior notes due 2021 with principal amount of USD350,000,000 at a coupon rate of 8.375% per annum (the "8.375% Original Notes due 2021") for the purposes of refinancing certain of its indebtedness. Further details relating to the issue of the 8.375% Original Notes due 2021 are disclosed in the announcements of the Company dated 1 March 2018, 2 March 2018 and 12 March 2018.

On 20 March 2018, the Company issued additional 8.375% senior notes due 2021 in the principal amount of US$100,000,000 on terms and conditions of the 8.375% Original Notes due 2018 (the "8.375% Additional Notes I due 2021"), which is consolidated and form a single series with the 8.375% Original Notes due 2021, for the purposes of refinancing certain of its existing indebtedness.

On 10 May 2018, the Company issued additional 8.375% senior notes due 2021 with principal amount of USD150,000,000 (the "8.375% Additional Notes II due 2021") on terms and conditions of the 8.375% Original Notes due 2021, which is consolidated and form a single series with the 8.375% Original Notes due 2021 and 8.375% Additional Notes I due 2021, for the purposes of refinancing certain of its existing indebtedness.

On 1 June 2018, the Company issued senior notes due 2019 with principal amount of USD100,000,000 at a coupon rate of 8.5% per annum (the "8.5% Original Notes due 2019") for the purpose of refinancing certain of its indebtedness. On 20 December 2018, the Company offered exchange consideration ("Exchange Offer") to all of the holders of the 8.5% Original Notes due 2019 to adjust the interest rate from 8.5% per annum to 12.0% per annum and postpone the maturity date from 4 June 2019 to 4 June 2020. Further details relating to the Exchange Offer are disclosed in the announcement dated 20 December 2018.

On 18 July 2018, the Company issued senior notes due 2019 with principal amount of USD140,000,000 at a coupon rate of 12.0% per annum (the "12.0% Senior Notes due 2019") for the purposes of refinancing certain of its indebtedness. Further details relating to the issue of the Issuance of 12.0% Senior Notes due 2019 is disclosed in the announcement of the Company dated 18 July 2018.

On 18 December 2018, the Company issued senior notes due 2021 with principal amount of USD130,000,000 (the "15% Original Notes due 2021") for the purposes of refinancing certain of its indebtedness. Further details relating to the issue of the Original Notes due 2021 are disclosed in the announcement dated 20 December 2018.

On 21 December 2018, the Company issued additional 15% senior notes due 2021 with principal amount of USD70,000,000 (the "15% Additional Notes due 2021"), which is consolidated and form a single series with the 15% Original Notes due 2021, for the purpose of refinancing certain of its existing indebtedness.

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

MATERIAL ACQUISITION AND DISPOSAL

On 14 November 2017, certain subsidiaries of Colour Life Services Group Co., Limited entered into four agreements with certain subsidiaries of the Company to acquire 100% of the beneficial interest in 深圳市幸福萬象投資合夥企業(有限合夥) Shenzhen Xingfu Wanxiang Investment Partnership Co. (Limited Partnership) ("Shenzhen Wanxiang") and 100% of the equity interest in 萬象美物業管理有限公司 (Wanxiangmei Property Management Co., Ltd.) (the "Target Company") for a total consideration of RMB2,012,520,000 (the "Wanxiangmei Acquisition"). The Group completed the Acquisition on 28 February 2018, details of which were set out in the announcements of the Company dated 14 November 2017, 6 December 2017, 19 December 2017, 22 December 2017 and 5 January 2018 respectively, and the circular of the Company dated 6 February 2019. As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition were more than 25% but all of them were less than 100%, the Wanxiangmei Acquisition constituted a major transaction of the Company under Chapter 14 of the Listing Rules. Given Fantasia Holdings was a controlling shareholder of the Company, the Wanxiangmei Acquisition also constituted a connected transaction of the Company.

The Company confirms that it has complied with all the disclosure requirements under Chapter 14 and Chapter 14A of the Listing Rules. As at 31 December 2018, save as disclosed above, the Group did not have any other material acquisition or disposal of subsidiaries, associates or assets.

SIGNIFICANT INVESTMENTS

Save as disclosed in the section headed "Material Acquisitions and Disposals", the Company had no other significant investments held during the year under review.

BORROWINGS

Details of the borrowings of the Group are set out in note 39 of the consolidated financial statements.

DIRECTOR'S INTERESTS IN SIGNIFICANT CONTRACTS

Save as disclosed in note 55 to the consolidated financial statements, no significant contract, to which the Company, its holding company, its controlling shareholders, fellow subsidiaries or subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACT

No management contracts in force during the year for the management and administration of the whole or any substantial part of the Group's business subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2018, so far as the Directors are aware, the following persons (other than the Directors and the chief executive of the Company) or institutions have interests or short positions of 5% or more in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Director	Nature of interest	Number of shares	Approximate percentage of interest in our Company as at 31 December 2018
Fantasy Pearl	Beneficial owner	3,314,090,500 (L)	57.51%
Ice Apex	Interest of controlled corporation	3,314,090,500 (L)(1)	57.51%
T. C. L. Industries Holdings (H.K.) Limited	Beneficial owner	1,156,995,574 (L)(2)	20.08%
TCL Corporation	Interest of controlled corporation	1,156,995,574 (L)(2)	20.08%
CITIC Securities Company Limited	Interest of controlled corporation Interest of controlled corporation	286,572,300 (L)(3) 465,679,500 (S)(3)	4.97% 8.08%

(L) denotes long position
(S) denotes short position

Notes:

(1) Fantasy Pearl is owned as to 80% by Ice Apex and 20% by Graceful Star. Ice Apex is deemed to be interested in the shares of the Company held by Fantasy Pearl for the purpose of Part XV of the SFO.

(2) As at 31 December 2018. T.C.L. Industries Holdings (H.K.) Limited held 1,156,995,574 shares of the Company representing 20.08% interest in the Company. T.C.L. Industries Holdings (H.K.) Limited is wholly owned by TCL Corporation. TCL Corporation is deemed to be interested in the shares held by T.C.L. Industries Holdings (H.K.) Limited for the purpose of Part XV of the SFO.

(3) Total of 286,572,300 shares in long position and 465,679,500 shares in short position held by CSI Capital Management Limited directly. CSI Capital Management Limited is wholly owned by CITIC CLSA Global Markets Holdings Limited. CITIC CLSA Global Markets Holdings Limited is wholly owned by CLSA B.V. CLSA B.V. is wholly owned by CITIC Securities International Company Limited. CITIC Securities International Company Limited is wholly owned by CITIC Securities Company Limited. CITIC Securities Company Limited is deemed to be interested in the shares held by CSI Capital Management Limited for the purpose of Part XV of the SFO.

Save as disclosed above, as of 31 December 2018, no other shareholder, other than directors or chief executives, of the Company had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

MAJOR CUSTOMERS AND SUPPLIERS

During the reporting period, the aggregate sales attributable to the five largest customers of the Group accounted for less than 30% of the Group's total sales in the year.

During the reporting period, the aggregate purchases attributable to the five largest suppliers of the Group accounted for less than 30% of the Group's total purchases.

None of the Directors, their associates or any shareholders (which to the knowledge of the Director owned more than 5% of the Company's issued share capital) has a beneficial interest in the Group's five largest customers or suppliers. The Company does not consider that the Company is in reliance or dependent on any major customers or suppliers for its success.

CONTINUING CONNECTED TRANSACTION

The Company has entered into the following continuing connected transaction during the year ended 31 December 2018:

Pursuant to the Catalogue of Industries for Guiding Foreign Investment (2011 version) (《外商投資產業指導目錄》（2011年修訂）), value-added telecommunications service is subject to foreign investment restriction in which a foreign investor shall hold no more than 50% equity interest in a value-added telecommunications services provider in the PRC.

Internet content provision services, or ICP services, belong to a subcategory of value-added telecommunications services. Colour Life's PRC legal advisor (the "Legal Advisor") has advised that the community leasing, sales and other services provided by Shenzhen Color Life Network Service Co., Ltd. ("Shenzhen Colour Life Network Service") through the Colour Life website constitute value-added telecommunications services. According to the Administrative Rules for Foreign Investment in Telecommunications Enterprises (《外商投資電信企業管理規定》), foreign investors shall contribute no more than 50% of the registered capital of a value-added telecommunications services provider and any such foreign investor shall maintain a good track record and possess relevant operational experience in the value-added telecommunication services industry (the "Qualification Requirement").

Based on consultations with the relevant personnel responsible for the approval of value-added telecommunications services at MIIT and the Guangdong Communications Administration Bureau (廣東省通信管理局), the Legal Advisor has advised that in order to demonstrate that it has satisfied the Qualification Requirement, a foreign investor shall provide the competent PRC authority with its telecommunications services business operating license issued by the relevant authority at its place of registration (equivalent of the ICP License issued by the Ministry of Industry and Information Technology of the PRC (the "MIIT") and its financial reports of the most recent three years. However, the MIIT did not specify during the Legal Advisor's consultations what would constitute "a good track record" and "relevant operational experience" and there are no specific written guidelines in this regard or in respect of whether and what type of documentation is required to establish the requisite credentials in cases where there is no telecommunications service business licensing regime in the jurisdiction or country in which the foreign investor provides the relevant telecommunication services.

As for the legality of the contractual arrangements, the Legal Advisor, after taking reasonable actions and steps to reach its legal conclusions including consulting the MIIT where the representative stated that there is no regulation enforceable or promulgated by the MIIT which prohibits or restricts the operation of value-added telecommunication businesses by foreign investors through contractual arrangements such as the Structured Contracts, are of the view that each of the Structured Contracts individually and collectively do not violate any of the applicable PRC laws and regulations. Legal Advisor is also of the view that the MIIT is the competent regulatory authority to give such assurance and interpret the Structured Contracts.

Based on the above-mentioned restriction under the relevant laws and regulations of the PRC, the Colour Life Group is not entitled to acquire the equity interest in Shenzhen Caizhiyun Network Technology Co., Ltd. ("Shenzhen Caizhiyun Network"). To enable the Colour Life Group to continue to manage and operate the online business of Shenzhen Caizhiyun Network and be entitled to all the economic benefits generated from such online business of Shenzhen Caizhiyun Network, Shenzhen Colour Life Network Service, Shenzhen Caizhiyun Network, Mr. Pan and Mr. Tang entered into the exclusive management and operation agreement, the call option agreement, the shareholders' rights entrustment agreement, the equity pledge agreement and the power of attorney (collectively the "Structured Contracts") on 16 June 2014 such that the Colour Life Group are entitled to all the economic benefits generated from online community leasing, sales and other services business of Shenzhen Caizhiyun Network (the "Contractual Arrangement"). The Structured Contracts have an initial term of 10 years which is renewable for a successive term of 10 years. Colour Life is exploring various opportunities in building up our community leasing, sales and other services business operations overseas for the purposes of being qualified as early as possible, to acquire the entire equity interest of Shenzhen Caizhiyun Network if and when the restrictions under the relevant PRC law on foreign ownership in value-added telecommunication enterprises are lifted. For details of the Structured Contracts, please refer to the section headed "History, Reorganization and the Group Structure – The Structured Contracts" in Colour Life's prospectus dated 17 June 2014.

Upon signing of the Structured Contracts, Shenzhen Caizhiyun Network was treated as a wholly-owned subsidiary of Colour Life and the accounts of which are consolidated with those of the Company. Given the registered capital of Shenzhen Caizhiyun Network is held as to 70% by Mr. Pan, being the chairman of the Company, an executive Director and a substantial shareholder of the Company, the chairman and a non-executive director of Colour Life, and as to 30% by Mr. Tang, being an executive director, the chief executive officer and a substantial shareholder of Colour Life, Mr. Pan and Mr. Tang are therefore connected persons of the Company for the purpose of the Listing Rules. Accordingly, the transactions contemplated under the Structured Contracts therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Save for the exclusive management and operation agreement which involves the payment of a service fee by Shenzhen Caizhiyun Network to Shenzhen Colour Life Network Service on an annual basis, each of the Structured Contracts does not involve payment of any consideration.

The Structured Contracts, taken as a whole, permit the results and financial operations of Shenzhen Caizhiyun Network to be consolidated in the Company, through the Colour Life Group, as if it was the Company's subsidiary resulting in all economic benefits of its business flowing to the Company. Through the appointment by Shenzhen Colour Life Network Service of all directors and senior management of Shenzhen Caizhiyun Network, the Directors believe that Shenzhen Colour Life Network Service is able to effectively supervise, manage and operate the business operations, expansion plans, financial policies and assets of Shenzhen Caizhiyun Network, and at the same time, ensure due implementation of the Structured Contracts. According to Hong Kong Financial Reporting Standards, a subsidiary is an entity that is controlled by another entity (known as the parent). An investor controls an investee when it is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Although the Company does not directly or indirectly own Shenzhen Caizhiyun Network, the Structured Contracts enable the Company, through Colour Life, to exercise control over and receive economic benefits generated from the business operation of Shenzhen Caizhiyun Network and the validity and legality of the Structured Contracts have been confirmed by Colour Life's People's Republic of China (the "PRC") legal advisor. Colour Life Group derives economic benefits from the online community leasing, sales and other services provided by Shenzhen Caizhiyun Network through the website and mobile applications to the residents in the residential communities that Colour Life manages or provides consultancy services to. Under such circumstances, the Directors are of the view that it is fair and reasonable for Shenzhen Colour Life Network Service to be entitled to all the economic benefits generated from Shenzhen Caizhiyun Network. The Structured Contracts also permit Shenzhen Colour Life Network Service to exclusively acquire all or part of the equity interest in Shenzhen Caizhiyun Network, if and when permitted by PRC laws and regulations. Notwithstanding the Group's lack of equity ownership in Shenzhen Caizhiyun Network, the Group is able to control the business and financial position of Shenzhen Caizhiyun Network in substance through the Structured Contracts. As a result of the Structured Contracts, Shenzhen Caizhiyun Network is accounted for as the Company's subsidiary, through Colour Life, and its financial position and operating results are consolidated in the Company's consolidated financial statements. The revenue and total asset value subject to the Contractual Arrangements amounted to approximately RMB72.2 million for the year ended 31 December 2018 and approximately RMB3.2 million as of 31 December 2018, respectively.

Pursuant to the Structured Contracts, any dispute arising from the interpretation and performance of the Structured Contracts between the parties thereto should first be resolved through negotiation, failing which any party may submit the said dispute to the South China International Economic and Trade Arbitration Commission with a view to resolving the dispute through arbitration in accordance with the arbitration rules thereof.

The Company had applied and the SEHK had granted a waiver that the Structured Contracts are exempt from the annual cap and independent shareholders' approval requirements under Rules 14A.36 and 14A.53 of the Listing Rules.

Mr. Pan and Mr. Tang may potentially have a conflict of interest with the Group. Both of Mr. Pan and Mr. Tang have undertaken to Shenzhen Colour Life Network Service that during the period when the Contractual Arrangement remains effective, (i) unless otherwise agreed to by Shenzhen Colour Life Network Service in writing, the relevant shareholder would not, directly or indirectly (either on his own account or through any natural person or legal entity) participate, or be interested, or engage in, acquire or hold (in each case whether as a shareholder, partner, agent, employee or otherwise) any business which is or may potentially be in competition with the businesses of Shenzhen Caizhiyun Network or any of its affiliates; and (ii) any of his actions or omissions would not lead to any conflict of interest between him and Shenzhen Colour Life Network Service (including but not limited to its shareholders). Furthermore, in the event of the occurrence of a conflict of interests (where Shenzhen Colour Life Network Service has the sole absolute discretion to determine whether such conflict arises), he agrees to take any appropriate actions as instructed by Shenzhen Colour Life Network Service.

Furthermore, the Group conducts its business operation in the PRC through Shenzhen Caizhiyun Network by way of Contractual Arrangements, but certain of the terms of the Contractual Arrangements may not be enforceable under the PRC laws. As advised by the Company's PRC legal advisers, the Contractual Arrangements were narrowly tailored to minimize the potential conflict with relevant PRC laws and regulations.

To ensure proper implementation of the Structured Contracts, Colour Life also takes the following measures:

(a) as part of the internal control measures, major issues arising from implementation and performance of the Structured Contracts was reviewed by the Colour Life Board on a regular basis which will be no less frequent than on a quarterly basis;

(b) matters relating to compliance and regulatory enquiries from governmental authorities (if any) was discussed at such regular meetings which was no less frequent than on a quarterly basis;

(c) the relevant business units and operation divisions of the Colour Life Group reported regularly, which was no less frequent than on a monthly basis, to the senior management of Colour Life on the compliance and performance conditions under the Structured Contracts and other related matters;

(d) the compliance department of Colour Life, headed by Mr. Duan Feiqin ("Mr. Duan"), monitored the proper implementation and Mr. Pan's and Mr. Tang's compliance with the Structured Contracts; and

(e) also, pursuant to the exclusive management and operation agreement, the bank accounts of Shenzhen Caizhiyun Network were operated through its company seal and the personal seal of a director nominated by Shenzhen Colour Life Network Service. The company seal is currently kept by Mr. Duan.

The Board confirmed that there is no material change in the Contractual Arrangements and/or the circumstances under which they were adopted, and its impact on the issuer group.

The board also confirmed that there is no unwinding of Structured Contracts or failure to unwind when the restrictions that led to the adopted of Structured Contracts are removed.

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors of the Company, namely Mr. Ho Man, Mr. Huang Ming, Dr. Liao Jianwen, Ms. Wong Pui Sze, Priscilla, JP and Mr. Guo Shaomu have reviewed the Structured Contracts and confirmed that the Structured Contracts have been entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or, if there were not sufficient comparable transactions to judge whether they were on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

For the purpose of Rule 14A.56 of the Listing Rules, Deloitte Touche Tohmatsu, the auditor of the Company, has provided a letter to the Board, confirming that nothing has come to their attention that causes them to believe that the continuing connected transaction abovementioned:

(i) has not been approved by the Board;

(ii) are not in accordance with the pricing policies of the Company if the transactions involve provision of goods and services by the Company;

(iii) have not been entered into in accordance with the relevant agreements governing the transactions; and

(iv) have exceeded the respective annual caps.

RELATED PARTY TRANSACTIONS

During the year ended 31 December 2018, certain Directors and companies controlled by certain Directors entered into transactions with the Group which are disclosed in note 55 "Related Party Transactions" to the consolidated financial statements of the Group. Save as disclosed in the section headed "Continuing Connected Transaction", the Board confirmed that none of these related party transactions constitutes a disclosable connected transaction as defined under chapter 14A of the Listing Rules.

INTERESTS IN COMPETITORS

None of the Directors or chief executive of the Company or any of their respective associates have engaged in any business that competes or may compete with the business of the Group or have any other conflict of interests with the Group.

EMOLUMENT POLICY

The Group's emolument policy is designed to attract, retain and motivate talented individuals to contribute to the success of the business. The emolument policy of the employees of the Group is formulated and reviewed by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the Directors are decided by the Remuneration Committee, having regards to the Group's operating results, individual performance and comparable market statistics.

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") under rules and regulations of MPF Schemes Ordinance for all its employees in Hong Kong. All the employees of the Group in Hong Kong are required to join the MPF Scheme. Contributions are made based on a percentage of the employees' salaries and are charged to consolidated income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme. No forfeited contribution is available to reduce the contribution payable in the future years as of 31 December 2018.

The Group's subsidiaries in the PRC, in compliance with the applicable regulations of the PRC, participated in a state-managed retirement benefits scheme operated by the local government. The subsidiaries are required to contribute a specific percentage of their payroll costs to the retirement benefits schemes. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions. During the reporting period, the total amounts contributed by the Group to the schemes and costs charged to the consolidated income statement represent contribution payable to the schemes by the Group at rates specified in the rules of the schemes.

DIVIDEND POLICY

The Company has approved and adopted a dividend policy (the "Dividend Policy").

According to the Dividend Policy, the Company intends to declare dividends to shareholders every year and may declare special dividends from time to time. In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account the Group's distributable profits generated during the year, the financial situation, the liquidity of cash flow, the investment needs and the retained profits for future development. While sharing the profit with shareholders, the Company shall also maintain sufficient reserves to ensure the implementation of the Group's strategy for development. The payment of dividend is also subject to any restrictions under the laws of Cayman Islands, the laws of Hong Kong and the articles of association of the Company.

PRE-EMPTIVE RIGHTS

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

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report contained in this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations in particular, those have significant impact on the Group, such as the Listing Rules and the Revised Hong Kong Financial Reporting Standards. The audit committee of the Company is delegated by the Board to monitor the Group's policies and practices on compliance with legal and regulatory requirements and such policies are regularly reviewed. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

As far as the Company is aware, it has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within knowledge of its directors at the date of this annual report, the Company has maintained sufficient public float throughout the year ended 31 December 2018.

SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

Details of significant events occurring after the end of the reporting period are set out in note 60 to the consolidated financial statements.

AUDITOR

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as the auditor of the Company.

On behalf of the Board
Pan Jun
Chairman

Hong Kong, 27 March 2019

The Company is committed to maintain high standards of corporate governance with a view to assuring the conduct of management of the Company as well as protecting the interests of all shareholders. The Company has always recognized the importance of the shareholders' transparency and accountability. It is the belief of the Board that shareholders can maximize their benefits from good corporate governance.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code ("Corporate Governance Code") contained in Appendix 14 to the Listing Rules. For the period throughout the year ended 31 December 2018, the Board is of the view that the Company has complied with the code provisions under the Corporate Governance Code save and except for code provisions A.2.1 and E.1.2 of which will be explained below.

In respect of the code provision A.2.1 of the Corporate Governance Code, Mr. Pan Jun is the chairman of the Board and chief executive officer of the Company. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high caliber individuals and meets regularly to discuss issues affecting operations of the Company. The Board believes that this structure is conductive to strong and consistent leadership, enabling the Group to make and implement decisions promptly and efficiently. The Board has full confidence in Mr. Pan and believes that his appointment to the posts of chairman and chief executive officer is beneficial to the business prospects of the Company.

In respect of the code provision E.1.2 of the Corporate Governance Code, the Chairmen of the Remuneration Committee was not present at the AGM of the Company held on 29 May 2018 due to other business commitment and no delegate was appointed to attend the AGM.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding directors' securities transactions. The Company has made specific enquiry with all the Directors and all the Directors confirmed that they have complied with the Model Code throughout the year ended 31 December 2018.

THE BOARD

Responsibilities

The Board is responsible for the leadership and control of the Company and overseeing the Group's businesses, strategic decisions and performances, and has full and timely access to all relevant information in relation to the Group's businesses and affairs, but the day-to-day management is delegated to the management of the Company. The independent non-executive Directors possess respectively professional qualifications and related management experience in the areas of financial accounting, law, global economy and real estate and have contributed to the Board with their professional opinions.

Further, the Board is in charge of the task of maximizing the financial performance of the Company, formulating strategies and management policies of the Group, approving strategic objectives and is responsible for providing the shareholders with a long-term return with stable and continuous growth.

The Board reserves for its decisions all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters.

Composition and qualification requirements

The Board currently comprises of three executive Directors, being Mr. Pan Jun (Chairman), Ms. Zeng Jie, Baby and Mr. Deng Bo, three non-executive Directors, being Mr. Li Dong Sheng, Mr. Liao Qian and Mr. Lam Kam Tong and five independent non-executive Directors, being Mr. Ho Man, Mr. Huang Ming, Dr. Liao Jianwen, Ms. Wong Pui Sze, Priscilla, JP and Mr. Guo Shaomu. Biographical details of each Director are set out on pages 36 to 40.

The Board members have no financial, business, family or other material/relevant relationships with each other. Such balanced board composition is formed to ensure strong independence exists across the Board.

Save as disclosed herein, throughout the year ended 31 December 2018 and up to the date of this report, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise, and the independent non-executive directors represented over one-third of the Board.

The Company has received an annual confirmation of independence from each of the independent non-executive Directors. The Company is of the view that all the independent non-executive Directors meet the guidelines for assessing independence in accordance with Rule 3.13 of the Listing Rules.

Board meetings and annual general meeting

The Board meets on a regular basis and four Board meetings and one annual general meeting for the year ended 31 December 2018 were held during the year. The individual attendance record is as follows:

Directors	No. of Board meetings attended/ No. of Board meetings held	AGM
Executive Directors		
Mr. Pan Jun	4/4	1/1
Ms. Zeng Jie, Baby	3/4	0/1
Mr. Deng Bo	4/4	1/1
Non-executive Directors		
Mr. Li Dong Sheng	1/4	0/1
Mr. Liao Qian	4/4	0/1
Mr. Lam Kam Tong (re-designated on 20 July 2018)	4/4	1/1
Independent non-executive Directors		
Mr. Ho Man	4/4	1/1
Mr. Huang Ming	4/4	0/1
Dr. Liao Jianwen	4/4	0/1
Ms. Wong Pui Sze, Priscilla, JP	3/4	1/1
Mr. Guo Shaomu	4/4	1/1

Directors have timely access to relevant information prior to each board meeting. Directors are given the opportunity to include matters in the agenda for regular board meetings while Directors are entitled to have access to board papers and related materials to allow them to make informed decisions on matters arising from board meetings.

Minutes of board meetings and meetings of other committees are kept by the Company Secretary and are open for inspection by Directors.

Appointment and re-election of Directors

All executive Directors have entered into service contracts with the Company for a specific term of three years, all non-executive Directors have entered into letters of appointment with the Company for a specific term of three years, and all independent non-executive Directors have entered into letters of appointment with the Company for a specific term of three years. One-third of the Directors are subject to retirement from office by rotation and re-election at the annual general meeting once every three years in accordance with our Company's Articles of Association. The Directors to retire by rotation shall include any Director who wishes to retire and not to offer himself for re-election and those of the other Directors who have been longest in office since their election or re-election. A retiring Director is eligible for re-election.

Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office until the next following annual general meeting and be eligible for re-election. Any Director appointed pursuant to the aforesaid Article shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.

Internal control

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

Directors' Training and professional development

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

During the year of 2018, all Directors were provided with monthly newsletter on the Group's business, operations and financial matters as well as updates, if any, on applicable legal and regulatory and market changes to facilitate the discharge of their responsibilities. The Company had also regularly circulated reading materials on the amendments to or updates on the relevant laws, rules and regulations to all Directors as part of their training materials in the continuous professional development plan of the Company and the Company confirmed that all Directors read the training materials. Continuing briefings and professional development for directors will be arranged whenever necessary.

All Directors had provided the Company Secretary with their training records for the year of 2018.

Indemnification of Directors and officers

The Company has arranged appropriate insurance coverage on directors' and officers' liabilities in respect of legal actions against Directors and senior management arising out of corporate activities.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The chairman and chief executive officer of our Company is Mr. Pan Jun. The reasons for the two roles are being performed by the same individual are set out on the section "Corporate Governance Code" of this report.

BOARD COMMITTEES

To enhance the effectiveness of the management of the Company, the Board has established three committees, namely the audit committee, the nomination committee and the remuneration committee to monitor corresponding aspects of the Company's affairs. The composition and the roles and functions of each committee are summarised as follows.

Audit Committee

The Company has established the audit committee (the "Audit Committee") in compliance with the Listing Rules to fulfill the functions of reviewing and monitoring the financial reporting and internal control of the Company. In order to comply with the Corporate Governance Code, the Board adopted a revised terms of reference of the Audit Committee on 22 December 2015 and 27 March 2019. The revised terms of reference of the Audit Committee are available on the websites of the Company and the Stock Exchange.

The annual results and the half-yearly results of the Company have been reviewed by the Audit Committee.

Under its terms of reference, the Audit Committee is required, amongst other things, to oversee the relationship with the external auditors, to review the Group's interim and annual results, to review the scope, extent and effectiveness of the system of internal control of the Group, to review accounting policies and practices adopted by the Group, to engage independent legal or other advisers as it determines is necessary and to perform investigations. The terms of reference of the Audit Committee, which described its authority and duties, are available on the Company's website.

The Audit Committee currently comprises five independent non-executive Directors, including Mr. Ho Man, Mr. Huang Ming, Dr. Liao Jianwen, Ms. Wong Pui Sze, Priscilla, JP and Mr. Guo Shaomu, while Mr. Ho Man is the chairman of the Audit Committee. During the year of 2018, the Audit Committee held two meetings. The individual attendance record is as follows:

Directors	No. of meetings attended/ No. of meetings held
Mr. Ho Man (Committee chairman)	2/2
Mr. Huang Ming	2/2
Dr. Liao Jianwen	2/2
Ms. Wong Pui Sze, Priscilla, JP	2/2
Mr. Guo Shaomu	2/2

The major roles and functions of the Audit Committee are to review and monitor the financial reporting, risk management and internal control systems of the Company, and assist the Board to fulfill its responsibility over the audit.

The Audit Committee also performs the Company's corporate governance functions including:

(a) to develop and review the Company's policies and practices on corporate governance;

(b) to review and monitor the training and continuous professional development of the Directors and senior management;

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

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

(e) to review the Company's compliance with the Corporate Governance Code and disclosures in this corporate governance report.

During the reporting period, the Audit Committee had been provided with the Group's financial statements, internal controls reports and other necessary financial information to consider, review and access significant issues arising from the financial statements, internal controls and work conducted. The Audit Committee also recommended the appointment of external auditors for the Company.

Remuneration Committee

The Company has established the remuneration committee (the "Remuneration Committee") in compliance with the Listing Rules. In order to comply with the Corporate Governance Code, the Board adopted a revised terms of reference of the Remuneration Committee on 12 March 2012. The revised terms of reference of the Remuneration Committee are available on the websites of the Company and the Stock Exchange.

The Remuneration Committee currently comprises an executive Director, Mr. Pan Jun, and five independent non-executive Directors, Mr. Huang Ming, Mr. Ho Man, Dr. Liao Jianwen, Ms. Wong Pui Sze, Priscilla, JP and Mr. Guo Shaomu, while Mr. Huang Ming is the chairman of the Remuneration Committee. During the year of 2018, the Remuneration Committee held one meeting. The individual attendance record is as follows:

Directors	No. of meetings attended/ No. of meetings held
Mr. Huang Ming (Committee chairman)	1/1
Mr. Pan Jun	1/1
Mr. Ho Man	1/1
Dr. Liao Jianwen	1/1
Ms. Wong Pui Sze, Priscilla, JP	1/1
Mr. Guo Shaomu	1/1

The Remuneration Committee is responsible for advising the Board on the remuneration policy and framework of the Directors and senior management member(s), as well as reviewing and determining the remuneration of all executive Directors and senior management member(s) with reference to the Company's objectives from time to time.

During the year ended 31 December 2018, the Remuneration Committee reviewed, and determined the remuneration package of the Directors and senior management. The remuneration policy of the Group and details of the remuneration of the Directors are set out in the section headed "Emolument policy of the Report of the Directors" and note 12 to the financial statements.

Nomination Committee

The Company has established the nomination committee (the "Nomination Committee") in compliance with the Listing Rules to fulfill the functions of reviewing the structure of and nominating suitable candidates to the Board. In order to comply with the Corporate Governance Code, the Board adopted a revised terms of reference of the Nomination Committee on 30 August 2013 and 27 March 2019. The revised terms of reference of the Nomination Committee are available on the websites of the Company and the Stock Exchange.

The Nomination Committee currently comprises two executive Directors, Mr. Pan Jun and Ms. Zeng Jie, Baby and five independent non-executive Directors, Mr. Ho Man, Mr. Huang Ming, Dr. Liao Jianwen, Ms. Wong Pui Sze, Priscilla, JP and Mr. Guo Shaomu. During the year of 2018, the Nomination Committee held one meeting. The individual attendance record is as follows:

Directors	No. of meetings attended/ No. of meetings held
Mr. Pan Jun (Committee chairman)	1/1
Ms. Zeng Jie, Baby	1/1
Mr. Ho Man	1/1
Mr. Huang Ming	1/1
Dr. Liao Jianwen	1/1
Ms. Wong Pui Sze, Priscilla, JP	1/1
Mr. Guo Shaomu	1/1

The Nomination Committee shall perform the following duties:

(a) ensure that the Board and its committees consist of directors with the appropriate balance of skills, diversity and knowledge of the Company to enable it to discharge its duties effectively;

(b) assist the Board in succession planning for the Board and senior management;

(c) review the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(d) draw up, review and update, as appropriate, the diversity policy for the Board's approval having due regard to the requirements of the Listing Rules, review and update the objectives that the Board has set for implementing such policy;

(e) develop, review and implement, as appropriate, the policy, criteria and procedures for the identification, selection and nomination of candidates for Directors for the Board's approval. Such criteria include but are not limited to the potential contributions a candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;

(f) identify individuals who are suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

(g) assess the independence of INEDs to determine their eligibility;

(h) make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors and senior management, in particular the chairman and the chief executive officer, taking into account all factors which the Nomination Committee considers appropriate including the challenges and opportunities facing the Group and skills and expertise required in the future and ensure that senior management succession planning is discussed at the Board at least once annually;

(i) keep under review the leadership needs and leadership training and development programmes of the Group, with a view to ensuring the continued ability of the Group to function effectively and compete in the market;

(j) evaluate the needs for, and monitor the training and development of, directors;

(k) develop the procedures for the performance evaluation of the Board committees:

  (i) review and assess the skills, knowledge and experience required to serve on various Board committees, and make recommendations on the appointment of members of Board committees and the chairman of each committee;

  (ii) recommend candidates to the Board to fill vacancies or new positions on the Board committees as necessary or desirable;

  (iii) review the feedback in respect of the role and effectiveness of the Board committees arising from the evaluation of the Board and/or any Board committees and make recommendations for any changes;

(l) develop the criteria for identifying and assessing the qualifications of and evaluating candidates for directorship, including but not limited to evaluating the balance of skills, knowledge and experience on the Board, and in the light of this evaluation prepared a description of the role and capabilities required for a particular appointment;

(m) keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;

(n) ensure that on appointment to the Board, non-executive Directors receive a formal letter of appointment setting out clearly the expectations of them in terms of time commitment, committee service and involvement outside Board meetings;

(o) review and assess the adequacy of the corporate governance guidelines of the Company and to recommend any proposed changes to the Board for approval;

(p) do any such things to enable the Nomination Committee to discharge its powers and functions conferred on it by the Board; and

(q) conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the Company's constitution or imposed by legislation.

The Nomination Committee is primarily responsible for considering and nominating suitable candidates to become members of the Board. Criteria adopted by the Nomination Committee in considering the suitability of a candidate for directorship includes his/her qualifications, experience, expertise and knowledge with reference to the "Board Diversity Policy" adopted by the Board on 29 August 2013 and the requirements under the Listing Rules. The Board has adopted a board diversity policy (the "Board Diversity Policy") on 29 August 2013 which sets out the approach to achieve diversity on the Board. A summary of this policy together with the measurable objectives set for implementing the Board Diversity Policy, and the progress made towards achieving those objectives are disclosed below.

Summary of the Board Diversity Policy

The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance. When determining the composition of the Board, the Company will consider board diversity in terms of, among other things, age, experience, cultural and educational background, expertise, skills and know-how. All Board appointments will be based on merits, and candidates will be considered against objective criteria, having due regard for the benefits of diversity of the Board.

Measurable Objectives

Selection of candidates for Board membership will be based on a range of diversity perspectives, including but not limited to age, experience, cultural and educational background, expertise, skills and know-how.

Monitoring and Reporting

The Nomination Committee will review, as appropriate, to ensure the effectiveness of the Board Diversity Policy and monitor the implementation of this policy.

The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval. The Nomination Committee considers that the current Board composition has provided the Company with a good balance and diversity of skill and experience appropriate for the business of the Company.

Based on the above criteria, members of the Nomination Committee have also reviewed the composition of the Board which is determined by directors' skills and experience appropriate to the Company's business, the Nomination Committee confirmed that the existing Board was appropriately structured and no change was required.

During the year ended 31 December 2018, the Nomination Committee accessed the independence of the independent non-executive Directors and the Directors to be re-elected at the 2018 annual general meeting of the Company before

AUDITORS' REMUNERATION

The statement of the external auditors of the Company about their reporting responsibilities on the Company's financial statements for the year ended 31 December 2018 is set out in the section headed "Independent Auditors' Report" in this annual report.

During the year, the total remuneration in respect of statutory audit services paid to the Company's auditors, Messrs. Touche Tohmatsu amounted to approximately RMB5,400,000.

INTERNAL CONTROLS

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness in order to safeguard the Group's assets and shareholders' interests. The Board will conduct regular review regarding internal control systems of the Group.

During the year ended 31 December 2018, the Audit Committee reviewed and discussed with the Group's internal audit team and the senior management on the adequacy and effectiveness of the Company's internal control systems including financial, operational and compliance controls and risk management. The Audit Committee further made recommendations to the Board to ensure reliability of financial reporting and compliance with applicable statutory accounting and reporting requirements, legal and regulatory requirements, internal rules and procedures approved by the Board, to identify and manage potential risks of the Group. Besides, the Audit Committee and the Board will also perform regular review on the Group's performance and internal control system in order to ensure effective measures are in place to protect material assets and identify business risks of the Group.

In respect of the year ended 31 December 2018, the Board considered the internal control and risk management system effective and adequate. No significant areas of concern that might affect shareholders were identified during the Relevant Period.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The Directors also acknowledge their responsibilities to ensure that the financial statements of the Group are published in a timely manner.

The reporting responsibilities of our Company's external auditors on the financial statements of the Group are set out on page 80 of the "Independent Auditors' Report" in this annual report.

COMPANY SECRETARY

In compliance with Rule 3.28 of the Listing Rules, the Joint Company Secretaries are full time employees and have the day- to-day knowledge of the Company's affairs. They are responsible for advising the Board on corporate governance matters. For the year under review, the Joint Company Secretaries have confirmed that they have taken no less than 15 hours of relevant professional training.

SHAREHOLDERS RIGHTS

Procedures for Shareholders to convene an extraordinary general meeting and putting forward proposals at Shareholders' meetings

Pursuant to the article 58 of the articles of association of the Company, 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 at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. 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.

Procedures by which enquiries may be put to the Board

Shareholders are provided with contact details of the Company, such as website, telephone hotline, fax number, email address and postal address, in order to enable them to make any query that they may have with respect to the Company. They can also send their enquiries to the Board or the company secretary through the above means. If shareholders have any enquiries in respect of their shareholdings and entitlements to dividend, they may contact Computershare Hong Kong Investor Services Limited, our share registrar from time to time.

INVESTOR RELATIONS

Constitutional Documents

There has been no significant change in the Company's constitutional documents during the year ended 31 December 2018.

Effective Communication with Shareholders and Investors

As a showpiece of the Company facing the capital market, the Board believes that a transparent and timely disclosure of the Group's latest information will enable the shareholders and investors to have better understanding on the Group's operations and strategies. The Company recognises the importance of maintaining effective investor relations with the existing and potential investors. To enhance the communication between the Company and the investors, as well as to maintain the transparency of the Company, the team of Investor Relations engages in providing effective ways for shareholders and investors to obtain latest company information. In addition to the issue of monthly and quarterly newsletters and interim and annual financial reports, the Company's website at "www.cnfantasia.com" also acts as a communication platform with shareholders and investors, where information and updates on the Group's business developments and operations, financial information, corporate governance practices and other information are available for public access. The Company will also actively correspond to any enquiries raised by the shareholders and investors through emails and phone calls. Meanwhile, the Company has also arranged company meetings, telephone conferences, investors meetings, luncheons and site visits, held a number of non-deal road shows and actively participated in a couple of global investors conferences and forums held by investment banks.

The Board also considers that general meetings of the Company provide a useful forum for shareholders to exchange views with the Board. The Chairman of the Board as well as the chairmen and/or other members of the Audit Committee, Remuneration Committee and Nomination Committee normally attend the annual general meetings and other shareholders' meetings of the Company to reply questions raised.

As one of the measures to safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. All resolutions proposed at general meetings will be voted by poll pursuant to the Listing Rules and the poll voting results will be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cnfantasia.com) immediately after the relevant general meetings.

Deloitte. 德勤

TO THE MEMBERS OF FANTASIA HOLDINGS GROUP CO., LIMITED
花樣年控股集團有限公司
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Fantasia Holdings Group Co., Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 83 to 245, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") 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 ("HKSAs") 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 are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

Key audit matter	How our audit addressed the key audit matter
Valuation of properties for sale	
We identified the valuation of properties for sale as a key audit matter due to the significant estimates involved in the determination of net realisable value (the "NRV") of the properties for sale. As disclosed in note 30 to the consolidated financial statements, the Group had properties under development for sale of RMB26,431,268,000 and completed properties for sale of RMB8,451,136,000 (collectively referred to as the "properties for sale") as at 31 December 2018, which are situated in the People's Republic of China (the "PRC"). Certain residential properties and carparks of the Group are not located in the downtown with the slim profit margins which indicate possible potential impairment loss on the properties for sale. As disclosed in note 4 to the consolidated financial statements, the properties for sale are stated at the lower of cost and the NRV. The NRV is determined by reference to the estimated selling prices of the properties for sale, which takes into account a number of factors including the latest market prices of similar property types in the same project or by similar properties, and the prevailing real estate market conditions in the PRC, less estimated selling expenses and estimated cost to completion. The management assessed the NRV of the properties with possible potential impairment indication with reference to the valuations carried out by an independent qualified professional valuer not connected with the Group ("the Valuer"). Based on the management's analysis of the property for sale, no write-downs were considered to be necessary in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2018.	Our procedures in relation to assessing management's assessment of the valuation of properties for sale included: • Assessing the management's process of reviewing the budgeted cost of the properties for sales and the determination of the NRV of properties for sales; • Evaluating the reasonableness of the estimated cost to completion of the properties under development for sale, on a sample basis, by comparing it to the actual development cost of similar completed properties and comparing the adjustments made by the management to current market data; • Assessing the appropriateness of the estimated selling prices of the properties for sale used by the management with reference to the latest market prices achieved in the same projects or by comparable properties, including an evaluation of the appropriateness of the comparable properties used by the management of the Group based on our knowledge of the Group's business and the PRC real estate industry; • Obtaining the valuation reports provided by the Valuer for the residential properties and carparks with possible potential impairment indication and comparing the carrying amounts of the aforesaid residential properties and carparks to the corresponding valuation amounts; • Assessing the competence, capabilities and objectivity of the Valuer; and • Obtaining the detailed work of the Valuer on the residential properties and carparks with possible potential impairment indication to evaluate the accuracy and relevance of key data inputs underpinning the valuation and challenging the reasonableness of the key assumptions applied based on available market data and our knowledge of the property industry in the PRC.

Key audit matter	How our audit addressed the key audit matter
Recoverability of trade receivables	
We identified the recoverability of trade receivables as a key audit matter due to the significance of the balance to the consolidated financial statements, combined with the significant degree of estimations, in evaluating the expected credit loss ("ECL") of trade receivables which may affect the carrying value at the end of the reporting period. As disclosed in note 4 to the consolidated financial statements, the management used provision matrix to calculate the ECL of trade receivables and the provision rates are based on debtors' aging and taken into consideration the historical default rates and the forward-looking information. As disclosed in note 33 to the consolidated financial statements, the carrying amount of trade receivables is RMB1,957,127,000 as at 31 December 2018, after net off the allowance for impairment losses of RMB62,875,000, and the allowance for impairment losses of RMB41,116,000 was recognised in profit or loss for the year end 31 December 2018.	Our procedures in relation to assessing the recoverability of trade receivables included: • Obtaining an understanding on how the management assess the ECL of trade receivables by apply the ECL model upon application of HKFRS 9 "Financial Instruments" on 1 January 2018; • Testing the integrity of information used by management about the trade receivables which are assessed for ECL individually, on a sample basis, to the source documents, including the terms set out in the sales and purchase agreements, mortgage approval documents from the banks to substantiate the unconditional approval of mortgage facilities granted by the banks to the property buyers regarding the sale by mortgage, bank statements and bank slips regarding the sale by instalments; • Testing the integrity of information used by management to develop the provision matrix, including the aging analysis, on a sample basis, to the source documents, including invoices and demand notes; • Evaluating the appropriateness of the expected average loss rates applied by reference to the historical recovery rate, probability of default by its customers and forward-looking information; and • Evaluating the disclosures regarding the impairment assessment of the trade receivables in note 49 to the consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
We identified the valuation of investment properties as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with the estimates associated with determining the fair value. As disclosed in note 16 to the consolidated financial statements, the investment properties of the Group mainly represent commercial buildings, offices and carparks located in the PRC and carried at RMB10,515,977,000 as at 31 December 2018, including completed investment properties of RMB8,796,779,000 and investment properties under construction of RMB1,719,198,000, which represent 11.13% of the Group's total assets. Change in fair value of investment properties of RMB136,802,000 and recognition of change in fair value of completed properties for sale upon transfer to investment properties of RMB82,409,000 were recognised in the consolidated statement of profit or loss and other comprehensive income for the year then ended. All of the Group's investment properties are stated at fair value based on valuations performed by the Valuer. Details of the valuation techniques and key inputs used in the valuations are disclosed in note 16 to the consolidated financial statements. The valuations of the completed investment properties are dependent on certain key inputs, including term yield, reversionary yield, vacancy ratio and adjustment made to account for differences in location. The valuations of investment properties under construction are dependent on gross development values, developer's profit, marketing costs, construction costs to completion, and market unit sales price.	Our procedures in relation to assessing the appropriateness of the carrying values of the investment properties included: • Evaluating the competence, capabilities, and objectivity of the Valuer and obtaining an understanding of the Valuer's scope of work and their terms of engagement; • Evaluating the appropriateness of the Valuer's valuation approach to assess if they are consistent with the requirements of HKFRSs and industry norms; • Obtaining the detailed work of the Valuer, particularly the key inputs to the valuation on completed investment properties including but not limited to the comparable market prices of properties, term yield, reversionary yield of rental income and vacancy ratio; and the key inputs to the valuation on investment properties under construction including but not limited to the gross development values, developer's profit, marketing cots, construction costs to completion; • Evaluating the accuracy and relevance of key data inputs underpinning the valuation and challenging the reasonableness of the key assumptions applied based on available market data and our knowledge of the property industry in the PRC; • Obtaining the latest budget for construction and other costs of investment properties under construction and checking to the information obtained by the Valuer for the valuation; and • Evaluating the sensitivity analysis prepared by the management on the key inputs to evaluate the magnitude of their impacts on the fair values and assessing the appropriateness of the disclosures relating to these sensitivities.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill	
We identified the impairment assessment of goodwill arising on acquisition of businesses through acquisition of subsidiaries as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with the significant degree of estimations made by the management of the Group associated with the recoverable amount of the cash-generating units to which goodwill has been allocated. As disclosed in note 4 to the consolidated financial statements, the management assessed the impairment of goodwill by estimation of recoverable amount of the cash-generating units to which goodwill has been allocated which is the higher of the value in use and fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit based on five-year financial budgets approved by the management of the Group and a suitable discount rate in order to calculate the present value. Key estimates involved in the preparation of cash flow projections for the period covered by the approved financial budgets include the growth rates, discount rates and expected future cash inflows/outflows including revenue, gross profit and operating expenses estimated. As disclosed in note 21 to the consolidated financial statements, the carrying amount of goodwill was RMB2,339,723,000 representing 2.48% of total assets of the Group, the balance of impairment was RMB81,574,000 as at 31 December 2018 and the impairment loss of nil was recognised by the management of the Group during the year ended 31 December 2018.	Our procedures in relation to the impairment assessment of goodwill included: • Discussing with the management to understand the key estimations made by the management in the impairment assessment of goodwill including the growth rates, discount rates and expected future cash inflows/outflows including revenue, gross profit and operating expenses estimated; • Evaluating the reasonableness of the growth rates and expected future cash inflows/outflows, including revenue, gross profit and operating expenses estimated, based on the Group's historical financial performance; • Evaluating the appropriateness of discount rates applied in the forecast by comparing them to economic and industry data; and • Evaluating the reasonableness of the financial budgets approved by the management and the cash flow projections by comparing the actual results of those cash-generating units to the previously forecasted results used in the impairment assessment of goodwill.

Key audit matter	How our audit addressed the key audit matter
Revenue recognised from sales of properties	
We identified revenue recognised from sales of properties as a key audit matter as it is quantitatively significant to the consolidated statement of profit or loss and other comprehensive income. The Group's revenue from sales of properties for the year ended 31 December 2018 amounted to RMB8,554,508,000, which is disclosed in note 5 to the consolidated financial statements, representing 61.16% of the Group's total revenue. As disclosed in note 5 to the consolidated financial statements, revenue from sales of properties is recognised when control of completed property is transferred to the customer, being at the point that the customer obtains the control of the completed property and the Group has present right to payment and the collection of the consideration is probable.	Our procedures in relation to revenue recognised from sales of properties included: • Obtaining an understanding of and assessing the effectiveness of the Group's internal control over the process of transferring the control of completed properties to the customers and determining the point of time at which revenue from sales of properties is recognised; • Inspecting, on a sample basis, the terms set out in the sale and purchase agreements to understand the point that the customers obtain the control of the completed properties and the Group has present right to payment and the collection of the consideration is probable; and • Evaluating whether the control of completed properties have been transferred to the customers by checking, on a sample basis, to the terms of the sale and purchase agreements, the relevant completion certificate for construction work, the delivery notice sent to the customers and the settlement status of the consideration.

Key audit matter	How our audit addressed the key audit matter

Fair value measurement of a debt instrument (the "Debt Instrument") included in financial assets at fair value through profit or loss ("FVTPL")

We identified fair value measurement of the Debt Instrument as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with the estimates associated with determining the fair value. As disclosed in note 20 to the consolidated financial statements, the Debt Instrument included in financial assets at FVTPL of the Group carried at RMB2,038,000,000 as at 31 December 2018 and change in fair value of the Debt Instrument of RMB938,000,000 was recognised in the consolidated statement of profit or loss and other comprehensive income for the year. The fair value of the Debt Instrument is determined by the management with reference to a valuation report prepared by the Valuer. Details of the valuation techniques and key inputs used in the valuations are disclosed in note 20 to the consolidated financial statements. The fair value of the Debt Instrument is determined based on the probability weighted expected return model, which involved estimation of cash flows that can be recovered from the Debt Instrument under different scenarios of the outcomes of the judicial auction. The valuations of the Debt Instrument are dependent on certain unobservable inputs, including the expected value, discount rate and probability of outcome of the judicial auction.	Our procedures in relation to fair value measurement of the Debt Instrument included: • Evaluating the Group's internal valuation process as well as Valuer's competence, capabilities, objectivity and obtaining an understanding of the Valuer's scope of work and their terms of engagement; • Evaluating the appropriateness of the Valuer's valuation approach to assess if they are consistent with the requirements of HKFRSs and industry norms with the assistance of our internal valuation specialists; • Evaluating the reasonableness of the key unobservable inputs estimated by the management in the fair value measurement of the Debt Instrument, including the expected value, discount rate and probability of outcome of the judicial auction and the progress of judicial auction, with the assistance of the Group's legal counsel and our internal valuation specialists; and • Obtaining the detailed work of the Valuer on the valuation of the Debt Instrument to evaluate the accuracy and relevance of key data inputs underpinning the valuation.

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF THE 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 HKFRSs 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 solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is Lam Chi Hong.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
27 March 2019

For the year ended 31 December 2018

	NOTES	2018 RMB'000	2017 RMB'000
Revenue			
Goods and services	5	13,733,624	9,539,381
Rental		252,509	243,187
Total revenue		13,986,133	9,782,568
Cost of sales and services		(9,802,167)	(6,884,964)
Gross profit		4,183,966	2,897,604
Other income	7	149,649	99,972
Other gains and losses	7	561,873	909,077
Impairment losses, net of reversal	8	(82,424)	(62,012)
Change in fair value of investment properties	16	136,802	966,184
Recognition of change in fair value of completed properties for sale upon transfer to investment properties	30	82,409	118,589
Selling and distribution expenses		(439,032)	(417,872)
Administrative expenses		(1,389,214)	(1,167,835)
Finance costs	9	(1,464,674)	(1,279,587)
Share of results of associates		34,880	8,843
Share of results of joint ventures		(11,140)	167,670
Gain on disposal of subsidiaries	46	1,273,824	326,285
Profit before tax	10	3,036,919	2,566,918
Income tax expense	11	(1,868,735)	(1,157,207)
Profit for the year		1,168,184	1,409,711
Other comprehensive income (expense)			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligations		(238)	(8,035)
Deferred taxation effect		60	2,009
Other comprehensive expense for the year, net of income tax		(178)	(6,026)
Total comprehensive income for the year		1,168,006	1,403,685
Profit for the year attributable to:			
Owners of the Company		728,339	1,154,316
Other non-controlling interests		439,845	255,395
		1,168,184	1,409,711
Total comprehensive income for the year attributable to:			
Owners of the Company		728,233	1,150,710
Other non-controlling interests		439,773	252,975
		1,168,006	1,403,685
Earnings per share – basic (RMB cents)	14	12.64	20.03
Earnings per share – diluted (RMB cents)	14	12.58	19.95

At 31 December 2018

	NOTES	2018 RMB'000	2017 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	2,596,806	2,611,084
Investment properties	16	10,515,977	10,194,164
Interests in associates	17	1,346,586	1,174,908
Interests in joint ventures	18	1,426,958	1,060,057
Available-for-sale investments	19	–	117,663
Equity instruments designated at fair value through other comprehensive income	19	51,551	–
Goodwill	21	2,339,723	2,299,758
Intangible assets	22	1,188,896	1,319,901
Prepaid lease payments	23	206,743	754,720
Premium on prepaid lease payments	24	76,418	1,268,992
Other receivables	33	158,698	167,624
Amount due from a joint venture	25	81,505	–
Pledged bank deposits	35	558,457	–
Deposits paid for potential acquisitions of subsidiaries	26	194,427	799,606
Deposit paid for acquisition of a property project	27	202,961	159,214
Deposits paid for acquisition of land use rights	28	228,703	118,103
Deferred tax assets	29	565,707	461,990
		21,740,116	22,507,784
CURRENT ASSETS			
Properties for sale	30	34,882,404	23,777,966
Inventories		544,407	194,655
Prepaid lease payments	23	6,750	18,228
Premium on prepaid lease payments	24	2,548	19,233
Contract assets	31	449,590	–
Contract costs	32	201,414	–
Trade and other receivables	33	5,938,028	4,129,404
Amounts due from customers for contract works	34	–	104,079
Tax recoverable		105,212	85,990
Amounts due from non-controlling shareholders of the subsidiaries of the Company	25	319,230	1,052,812
Amounts due from joint ventures	25	101,272	362,935
Amounts due from associates	25	15,909	27,567
Financial assets at fair value through profit or loss ("FVTPL")	20	2,127,196	234,460
Restricted/pledged bank deposits	35	1,789,411	2,106,552
Bank balances and cash	35	26,222,584	14,335,075
		72,705,955	46,448,956

At 31 December 2018

	NOTES	2018 RMB'000	2017 RMB'000
CURRENT LIABILITIES			
Trade and other payables	36	10,393,583	9,282,468
Deposits received for sale of properties		–	5,503,060
Amounts due to customers for contract works	34	–	13,778
Contract liabilities	37	13,039,071	–
Amounts due to joint ventures	38	368	10,000
Amounts due to associates	38	19,971	13,513
Amounts due to non-controlling shareholders of the subsidiaries of the Company	38	335,850	–
Tax liabilities		5,504,651	4,431,080
Borrowings due within one year	39	7,959,810	3,022,026
Obligations under finance leases	40	69,164	51,693
Senior notes and bonds	41	6,397,660	4,484,610
Asset-backed securities issued	42	208,636	42,533
Provisions	43	30,740	40,131
Other current liabilities		2,625	220
		43,962,129	26,895,112
NET CURRENT ASSETS		28,743,826	19,553,844
TOTAL ASSETS LESS CURRENT LIABILITIES		50,483,942	42,061,628
NON-CURRENT LIABILITIES			
Deferred tax liabilities	29	1,734,943	1,754,528
Borrowings due after one year	39	11,195,744	6,841,619
Obligations under finance leases	40	236,880	259,299
Senior notes and bonds	41	17,810,083	15,320,332
Asset-backed securities issued	42	51,783	185,204
Other non-current liabilities		–	2,615
		31,029,433	24,363,597
NET ASSETS		19,454,509	17,698,031
CAPITAL AND RESERVES			
Share capital	44	497,945	497,868
Reserves		12,465,583	12,139,049
Equity attributable to owners of the Company		12,963,528	12,636,917
Non-controlling interests		6,490,981	5,061,114
		19,454,509	17,698,031

The consolidated financial statements on pages 83 to 245 are approved and authorised for issue by the Board of Directors on 27 March 2019 and are signed on its behalf by:

PAN JUN
EXECUTIVE DIRECTOR

DENG BO
EXECUTIVE DIRECTOR

For the year ended 31 December 2018

	Attributable to owners of the Company										Attributable to non-controlling interests				
	Share capital RMB'000	Share premium RMB'000 (note i)	Special reserve RMB'000 (note ii)	Share options reserve RMB'000 (note iii)	Contribution reserve RMB'000 (note iv)	Statutory reserve RMB'000 (note v)	Discretionary reserve RMB'000 (note v)	Revaluation reserve RMB'000 (note vi)	Accumulated profits RMB'000	Sub-total RMB'000	Share options reserve of Colour Life RMB'000 (note iii)	Share options reserve of Morning Star RMB'000 (note iii)	Other non-controlling interests RMB'000	Non-controlling interests Sub-total RMB'000	Total RMB'000
At 1 January 2017	497,848	1,945,103	252,953	17,591	40,600	72,774	1,477	10,058	8,116,947	10,955,351	197,155	2,942	1,965,287	2,165,384	13,120,735
Profit for the year	–	–	–	–	–	–	–	–	1,154,316	1,154,316	–	–	255,395	255,395	1,409,711
Remeasurement of defined benefit obligations	–	–	–	–	–	–	–	(4,808)	–	(4,808)	–	–	(3,227)	(3,227)	(8,035)
Deferred taxation effect	–	–	–	–	–	–	–	1,202	–	1,202	–	–	807	807	2,009
Other comprehensive expense for the year	–	–	–	–	–	–	–	(3,606)	–	(3,606)	–	–	(2,420)	(2,420)	(6,026)
Total comprehensive (expense) income for the year	–	–	–	–	–	–	–	(3,606)	1,154,316	1,150,710	–	–	252,975	252,975	1,403,685
Issue of shares upon exercise of share options of the Company	20	201	–	(57)	–	–	–	–	–	164	–	–	–	–	164
Dividend distributed to shareholders of the Company (note 13)	–	(250,049)	–	–	–	–	–	–	–	(250,049)	–	–	–	–	(250,049)
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	(55,832)	(55,832)	(55,832)
Recognition of equity-settled share-based payments (note 52)	–	–	–	–	–	–	–	–	–	–	45,303	1,913	–	47,216	47,216
Acquisition of subsidiaries (note 45)	–	–	–	–	–	–	–	–	–	–	–	–	94,791	94,791	94,791
Disposal of subsidiaries (note 46(a))	–	–	–	–	–	–	–	–	–	–	–	–	(1,193)	(1,193)	(1,193)
Deemed disposal of partial interests in subsidiaries without loss of control (note 46(b))	–	–	780,741	–	–	–	–	–	–	780,741	–	–	2,521,869	2,521,869	3,302,610
Disposal of partial interest in a subsidiary resulting in loss of control (note 46(c))	–	–	–	–	–	–	–	–	–	–	–	–	(1,106)	(1,106)	(1,106)
Contribution from non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	55,797	55,797	55,797
Cancelled upon repurchase of shares of Colour Life	–	–	–	–	–	–	–	–	–	–	–	–	(18,787)	(18,787)	(18,787)
Transfer	–	–	–	–	–	12,956	–	–	(12,956)	–	–	–	–	–	–
At 31 December 2017 (audited)	497,868	1,695,255	1,033,694	17,534	40,600	85,730	1,477	6,452	9,258,307	12,636,917	242,458	4,855	4,813,801	5,061,114	17,698,031
Effect arising from initial application of HKFRS 9 (note 2)	–	–	–	–	–	–	–	–	(10,134)	(10,134)	–	–	(756)	(756)	(10,890)
Effect arising from initial application of HKFRS 15 (note 2)	–	–	–	–	–	–	–	–	14,417	14,417	–	–	(794)	(794)	13,623
At 1 January 2018 (adjusted)	497,868	1,695,255	1,033,694	17,534	40,600	85,730	1,477	6,452	9,262,590	12,641,200	242,458	4,855	4,812,251	5,059,564	17,700,764
Profit for the year	–	–	–	–	–	–	–	–	728,339	728,339	–	–	439,845	439,845	1,168,184
Remeasurement of defined benefit obligations	–	–	–	–	–	–	–	(142)	–	(142)	–	–	(96)	(96)	(238)
Deferred taxation effect	–	–	–	–	–	–	–	36	–	36	–	–	24	24	60
Other comprehensive expense for the year	–	–	–	–	–	–	–	(106)	–	(106)	–	–	(72)	(72)	(178)

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	Attributable to owners of the Company										Attributable to non-controlling interests				
	Share capital RMB'000	Share premium RMB'000 (note i)	Special reserve RMB'000 (note ii)	Share options reserve RMB'000 (note iii)	Contribution reserve RMB'000 (note iv)	Statutory reserve RMB'000 (note v)	Discretionary reserve RMB'000 (note v)	Revaluation reserve RMB'000 (note vi)	Accumulated profits RMB'000	Sub-total RMB'000	Share options reserve of Colour Life RMB'000 (note iii)	Share options reserve of Morning Star RMB'000 (note iii)	Other non-controlling interests RMB'000	Non-controlling interests Sub-total RMB'000	Total RMB'000
Total comprehensive (expense) income for the year	–	–	–	–	–	–	–	(106)	728,339	728,233	–	–	439,773	439,773	1,168,006
Issue of shares upon exercise of share options of the Company	77	802	–	(214)	–	–	–	–	–	665	–	–	–	–	665
Issue of shares upon exercise of share options of Colour Life (note vii)	–	–	90,480	–	–	–	–	–	(12,497)	77,983	(33,131)	–	31,018	(2,113)	75,870
Dividend distributed to shareholders of the Company (note 13)	–	(329,217)	–	–	–	–	–	–	–	(329,217)	–	–	–	–	(329,217)
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	(98,551)	(98,551)	(98,551)
Contribution from non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	519,194	519,194	519,194
Dilution of interests in Colour Life (note viii)	–	–	65,612	–	–	–	–	–	(39,640)	25,972	–	–	326,324	326,324	352,296
Recognition of equity-settled share-based payments (note 52)	–	–	–	–	–	–	–	–	–	–	10,788	773	5,909	17,470	17,470
Acquisition of subsidiaries (note 45)	–	–	–	–	–	–	–	–	–	–	–	–	419,147	419,147	419,147
Acquisition of additional interests in subsidiaries from non-controlling shareholders (note ix)	–	–	(73,842)	–	–	–	–	–	–	(73,842)	–	–	(69,625)	(69,625)	(143,467)
Disposal of subsidiaries (note 46(a))	–	–	–	–	–	–	–	–	–	–	–	–	(70,233)	(70,233)	(70,233)
Deemed disposal of partial interests in subsidiaries without loss of control (note 46(b))	–	–	(185,493)	–	–	–	–	–	78,027	(107,466)	–	–	107,466	107,466	–
Disposal of partial interest in a subsidiary resulting in loss of control (note 46(c))	–	–	–	–	–	–	–	–	–	–	–	–	(151,850)	(151,850)	(151,850)
Shares repurchased under the share award scheme of Colour Life (note 52(d))	–	–	–	–	–	–	–	–	–	–	–	–	(5,585)	(5,585)	(5,585)
Transfer	–	–	–	–	–	57,028	–	–	(57,028)	–	–	–	–	–	–
At 31 December 2018	497,945	1,366,840	930,451	17,320	40,600	142,758	1,477	6,346	9,959,791	12,963,528	220,115	5,628	6,265,238	6,490,981	19,454,509

Notes:

(i) Pursuant to article 16 of the Company's Article of Association, the Company is permitted to pay out dividend from share premium account.

(ii) Special reserve arising from the acquisition or disposal of equity interests in subsidiaries without loss of control. It represented the difference between the consideration paid or received and the adjustment to the non-controlling interests in subsidiaries.

(iii) Share options reserve represented the share-based payment under share option schemes of the Company, Colour Life Service Group Co., Limited ("Colour Life") and Morning Star Group Limited ("Morning Star"), both of which are subsidiaries of the Company.

(iv) Contribution reserve represented (a) the contribution/distribution to shareholders during the group reorganisation in 2009; (b) the difference between consideration paid and fair value of net assets acquired from related parties; (c) the difference between the consideration received and carrying amount of net assets disposed of to related parties during the Group reorganisation in 2009; and (d) the waiver of shareholder loans in 2009.

For the year ended 31 December 2018

(v) The statutory reserve and discretionary reserve attributable to subsidiaries in the People's Republic of China (the "PRC") are non-distributable. Transfers to these reserves are determined by the board of directors or the shareholders' meeting of the PRC subsidiaries in accordance with the relevant laws and regulations of the PRC. These reserves can be used to offset accumulated losses, expand the scale of production and business and transfer to capital upon approval from the relevant authorities.

(vi) Revaluation reserve mainly represented surplus arose from the transfer of owner-occupied property to investment properties at the date of change in use.

(vii) During the year ended 31 December 2018, 11,996,000 shares of Colour Life were issued upon the exercise of share options of Colour Life. The aggregated net proceeds received by Colour Life from the holders of share options of Colour Life was RMB75,870,000. The exercise of the share options of Colour Life resulted in the dilution of the Group's percentage of equity interests in Colour Life without loss of control. The difference of RMB90,480,000 between the aggregated net proceeds received by Colour Life, together with the share-based payments previously recognized in share options reserve of Colour Life, and the change in share of net assets of Colour Life by non-controlling shareholders after taking into account of the relevant attributable accumulated profits of Colour Life, was credited to special reserve.

(viii) In January 2018, Colour Life, of which shares are listed on the main board of The Stock Exchange of Hong Kong Limited, issued 87,246,000 new ordinary shares to existing shareholders. The net proceeds received by Colour Life is RMB352,296,000. The Group's percentage of equity interest in Colour Life was diluted from 50.39% to 46.53% upon completion of the issuance of shares. Under a concert party agreement entered into between the Company and Splendid Fortune Enterprise Limited ("Splendid Fortune"), a non-controlling shareholder of Colour Life, Splendid Fortune would follow the decision of the Company and the Company has 66.57% effective voting rights over Colour Life upon completion of the issuance of shares, thus the Company is able to exercise control over Colour Life and Colour Life is accounted for as subsidiary of the Company. The difference of RMB65,612,000 between the additional share of net assets of Colour Life by non-controlling shareholders and the net proceeds received by Colour Life on placement of new shares after taking into account of the relevant attributable accumulated profits of Colour Life, was recognised in special reserve.

(ix) During the year ended 31 December 2018, the Group acquired additional interests in subsidiaries from the non-controlling shareholders at a total consideration of RMB143,467,000. The difference of RMB73,842,000 between the consideration paid by the Group and attributable equity interests in the subsidiaries was debited to special reserve.

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	2018 RMB'000	2017 RMB'000
OPERATING ACTIVITIES		
Profit before tax	3,036,919	2,566,918
Adjustments for:		
Change in fair value of investment properties	(136,802)	(966,184)
Recognition of change in fair value of completed properties for sale upon transfer to investment properties	(82,409)	(118,589)
Change in fair value of financial assets at FVTPL	(939,273)	(4,457)
Release of prepaid lease payments	14,374	19,218
Release of premium on prepaid lease payments	13,671	23,990
Amortisation of intangible assets	139,925	32,199
Depreciation of property, plant and equipment	237,973	176,906
Share-based payment expenses	17,470	47,216
(Gain) loss on disposal of property, plant and equipment	(1,660)	3,146
Gain on disposal of subsidiaries	(1,273,824)	(326,285)
Gain on remeasurement of interests in joint ventures and AFS investments	(384,487)	(562,719)
Impairment losses, net of reversal	82,424	62,012
Impairment of goodwill	–	50,058
Interest income	(140,257)	(88,631)
Finance costs	1,464,674	1,279,587
Loss on repurchase/early redemption of senior notes and corporate bonds	975	116,933
Loss on modification of senior notes and corporate bonds	48,350	–
Net foreign exchange loss (gain)	770,222	(598,535)
Share of results of associates	(34,880)	(8,843)
Share of results of joint ventures	11,140	(167,670)
Operating cash flows before movements in working capital	2,844,525	1,536,270
Additions to prepaid lease payments	–	(45,001)
Increase in deposits paid for acquisitions of land use rights	(110,600)	–
Increase in properties for sale	(2,209,839)	(2,403,994)
Increase in inventories	(349,752)	(114,241)
(Increase) decrease in trade and other receivables	(4,458,370)	1,035,368
Increase in amounts due from customers for contract works	–	(30,452)
Increase in contract costs	(90,414)	–
Increase in contract assets	(324,330)	–
Increase in amounts due from related parties	–	(31,747)
Increase in trade and other payables	3,169,848	1,316,608
Increase in deposits received for sale of properties	–	2,226,994
Decrease in amounts due to customers for contract works	–	(2,968)
Increase in contract liabilities	5,526,208	–
(Decrease) increase in provisions	(9,391)	2,977
Others	(448)	(133,527)
Cash generated from operations	3,987,437	3,356,287
Income tax paid	(619,501)	(540,181)
Interest paid	(2,868,521)	(2,134,451)
NET CASH FROM OPERATING ACTIVITIES	499,415	681,655

For the year ended 31 December 2018

	NOTES	2018 RMB'000	2017 RMB'000
INVESTING ACTIVITIES			
Placement of restricted/pledged bank deposits		(3,533,941)	(1,633,325)
Withdrawal of restricted/pledged bank deposits		3,292,625	1,524,597
Settlement of consideration payables on acquisition subsidiaries		(1,724,523)	(479,821)
Settlement of consideration receivables of disposal of subsidiaries		9,000	358,000
Purchases of property, plant and equipment		(309,641)	(502,890)
Proceeds from disposal of property, plant and equipment		19,023	6,314
Additions to investment properties		(199,381)	(1,721,268)
Proceeds from disposal of investment properties		542,890	867,448
Purchase of AFS investments		–	(107,951)
Purchases of financial assets at FVTPL		(87,923)	–
Redemption of financial assets at FVTPL		234,460	–
Purchases of equity instruments designated at FVTOCI		(35,188)	–
Investments in associates		(102,026)	(387,085)
Investments in joint ventures		(73,762)	(442,081)
Return of capital from deregistration of a joint venture		410,070	–
Disposal of associates		5,000	–
Acquisition of property projects and other assets and liabilities through acquisition of subsidiaries (net of cash and cash equivalents acquired)	45(a)	300,941	(835,525)
Acquisition of property operation businesses (net of cash and cash equivalents acquired)	45(b)	8,344	914,973
Deposits paid for potential acquisition of subsidiaries		(63,788)	(635,737)
Refund of deposits paid for acquisition of subsidiaries		–	849
Disposal of subsidiaries (net of cash and cash equivalent disposed of)	46(a)	1,025,730	342,649
Disposal of partial interests in subsidiaries resulting in loss of control	46(c)	1,237,980	611,053
Dividend received from joint ventures and associates		4,851	10,396
Interest received		140,257	88,631
Advance of loan receivables		(189,327)	(71,611)
Repayment of loan receivables		233,644	322,017
Settlement of receivable from Chengdu Government		–	5,061
Advances to joint ventures		(103,256)	(7,160)
Advances to associates		(15,909)	(121,398)
Advance to a joint venturer		(960,020)	–
Advances to non-controlling shareholders of the subsidiaries of the Company		(290,760)	(82,932)
Repayment from joint ventures		283,414	–
Repayment from associates		27,567	15,365
Repayment from related parties		–	265,473
Repayment from a joint venturer		960,020	–
Repayment from non-controlling shareholders of the subsidiaries of the Company		1,024,342	12,450
Deposit paid for acquisition of a property project		(43,747)	(141)
NET CASH FROM (USED IN) INVESTING ACTIVITIES		2,026,966	(1,683,649)

For the year ended 31 December 2018

	NOTE	2018 RMB'000	2017 RMB'000
FINANCING ACTIVITIES			
Net proceeds from the issuance of senior notes and bonds		9,505,647	5,419,191
Repayment of senior notes and bonds		(4,404,253)	(1,454,238)
Repurchase/early redemption of senior notes and bonds		(1,852,486)	(2,140,294)
Net proceeds from the issuance of asset-backed securities		98,236	–
Repayment of principal receipts under securitisation arrangements		(71,250)	(51,250)
New borrowings raised		11,210,791	7,215,981
Repayment of borrowings		(5,786,656)	(3,400,951)
Repayment of obligations under finance leases		(68,178)	(27,780)
Issue of shares upon exercise of share options		76,535	164
Dividend paid to shareholders of the Company		(329,217)	(250,049)
Dividend paid to non-controlling shareholders of the subsidiaries		(98,551)	(55,832)
Placement of new shares of Colour Life		352,296	–
Contributions from non-controlling shareholders of the subsidiaries		519,194	55,797
Acquisition of additional interest in subsidiaries		(143,467)	–
Deemed disposal of partial interests in subsidiaries without loss of control	46(b)	–	2,402,610
Repurchase of shares of Colour Life		(5,585)	(18,787)
Advances from joint ventures		–	24,500
Advances from associates		840,252	9,700
Advances from non-controlling shareholders of the subsidiaries of the Company		331,607	–
Repayments to joint ventures		(9,632)	(307,977)
Repayments to associates		(833,794)	(1,057,897)
NET CASH FROM FINANCING ACTIVITIES		9,331,489	6,362,888
NET INCREASE IN CASH AND CASH EQUIVALENTS		11,857,870	5,360,894
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		14,335,075	9,136,526
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		29,639	(162,345)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash		26,222,584	14,335,075

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1. GENERAL

Fantasia Holdings Group Co., Limited (the "Company") is a limited liability company incorporated in Cayman Islands and its shares are listed on the main board of The Stock Exchange of Hong Kong. Its parent and its ultimate parent are Fantasy Pearl International Limited and Ice Apex Limited, respectively, both being limited liability companies incorporated in the British Virgin Islands. Its ultimate controlling shareholder is Ms. Zeng Jie, Baby, who is a director of the Company. The addresses of the registered office and principal place of the Company are disclosed in the corporate information section to the annual report.

The Company acts as an investment holding company. Details of the principal activities of its subsidiaries are set out in note 58.

The consolidated financial statements are presented in Renminbi, which is the functional currency of the Company and the major subsidiaries.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs and an interpretation issued by the Hong Kong Institute of Certified Public Accountants for the first time in the current year.

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the Related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

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

For the year ended 31 December 2018

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and amendments to HKFRSs that are mandatorily effective for the current year (continued)

2.1 HKFRS 15 "Revenue from Contracts with Customers"

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening accumulated profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and the related interpretations.

Revenue of the Group mainly consists of revenue derived from the (i) sales of completed properties, (ii) provision of property agency services, (iii) property operation services, (iv) provision of hotel accommodation services, (v) provision of travel agency services and (vi) manufacturing and sale of fuel pumps.

Information about the Group's performance obligations and the accounting policies resulting from application of HKFRS 15 are disclosed in notes 5 and 3, respectively.

Summary of effects arising from initial application of HKFRS 15

The following table summarises the impact of transition to HKFRS 15 on accumulated profits at 1 January 2018.

	Notes	**Impact of adopting HKFRS 15 at 1 January 2018 RMB'000**
Accumulated profits		9,258,307
Recognition of significant financing component	(a)	(92,835)
Recognition of contract costs	(b)	111,000
Tax effects	(a)&(b)	(4,542)
Impact relating to non-controlling interests		794
Impact at 1 January 2018	(g)	9,272,724

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2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and amendments to HKFRSs that are mandatorily effective for the current year (continued)

2.1 HKFRS 15 "Revenue from Contracts with Customers" (continued)

Summary of effects arising from initial application of HKFRS 15 (continued)

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

	NOTES	**Carrying amounts previously reported at 31 December 2017 RMB'000**	**Reclassification RMB'000**	**Remeasurement RMB'000**	**Carrying amounts under HKFRS 15 at 1 January 2018 RMB'000 (note g)**
Non-current Assets					
Deferred tax assets	(a)/(b)	461,990	–	13,708	475,698
Current Assets					
Properties for sale	(a)	23,777,966	–	9,919	23,787,885
Contract assets	(c)/(d)	–	125,627	–	125,627
Contract costs	(b)	–	–	111,000	111,000
Trade and other receivables	(c)	4,129,404	(21,548)	–	4,107,856
Amounts due from customers for contract works	(d)	104,079	(104,079)	–	–
Current Liabilities					
Trade and other payables	(f)	9,282,468	(497,536)	–	8,784,932
Deposits received for sale of properties	(e)	5,503,060	(5,503,060)	–	–
Amounts due to customers for contract works	(d)	13,778	(13,778)	–	–
Contract liabilities	(a)/(d)/(e)/(f)	–	6,014,374	102,754	6,117,128
Non-current Liabilities					
Deferred tax liabilities	(a)/(b)	1,754,528	–	18,250	1,772,778
Capital and Reserves					
Reserves	(a)/(b)	12,139,049	–	14,417	12,153,466
Non-controlling interests	(a)/(b)	5,061,114	–	(794)	5,060,320

For the year ended 31 December 2018

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and amendments to HKFRSs that are mandatorily effective for the current year (continued)

2.1 HKFRS 15 "Revenue from Contracts with Customers" (continued)

Summary of effects arising from initial application of HKFRS 15 (continued)

Notes:

(a) Certain property sales contracts of the Group contain significant financing component after taking into account the difference between the amount of promised consideration and the cash selling price of the property; and the combined effect of the expected length of time between the Group transferring the property to the customer and the customer paying for the property and the prevailing interest rates in the relevant market. The Group recognised the interest expense only to the extent that a contract liability (deposits received for sale of properties) is recognised in accounting for the contract with the customers and adjusted the promised amount of consideration by using a discount rate that would be reflected in a separate financing transaction between the Group and the customer reflecting the credit characteristics of the Group as well as any collateral or security provided. At the date of initial application, finance costs eligible for capitalisation amounting to RMB9,919,000 have been adjusted to properties for sale and finance costs not eligible for capitalisation of RMB85,802,000 and RMB7,033,000 have been debited to the accumulated profits and the non-controlling interests, respectively, with corresponding adjustment of RMB102,754,000 credited to contract liabilities. The corresponding tax effect has been recognised as deferred tax assets or liabilities, as appropriate.

(b) The Group incurred incremental commission paid/payable to intermediaries/employees in connection with obtaining sales of properties contracts with customers. These amounts were previously expensed as incurred. At the date of initial application of HKFRS 15, incremental costs of obtaining contracts of RMB111,000,000 was recognised as contract costs with corresponding adjustments of RMB105,025,000 and RMB5,975,000 to accumulated profits and non-controlling interests, respectively. The corresponding tax effect has been recognised as deferred tax assets or liabilities, as appropriate.

(c) At the date of initial application of HKFRS 15, trade and other receivables of RMB21,548,000, comparising retention receivables and unbilled revenue amounting to RMB679,000 and RMB20,869,000, respectively, which are to be released upon expiration of warranty period of property operation services, were reclassified to contract assets.

(d) In relation to installation contracts previously accounted under HKAS 11, the Group continues to apply input method in estimating the performance obligation satisfied up to date of initial application of HKFRS 15. RMB104,079,000 and RMB13,778,000 of amounts due from and to customers for contract works were reclassified to contract assets and contract liabilities, respectively.

(e) At the date of initial application of HKFRS 15, deposits received for sale of properties of RMB5,503,060,000, together with the significant financing component effect of RMB102,754,000 as set out in note (a) above, were reclassified to contract liabilities.

(f) At the date of initial application of HKFRS 15, advances from customers of RMB497,536,000 included in trade and other payables were reclassified to contract liabilities.

(g) The amounts are before the adjustments from the application of HKFRS 9.

For the year ended 31 December 2018

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and amendments to HKFRSs that are mandatorily effective for the current year (continued)

2.1 HKFRS 15 "Revenue from Contracts with Customers" (continued)

Summary of effects arising from initial application of HKFRS 15 (continued)

The following table summarise the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position as at 31 December 2018 and its consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the year ended 31 December 2018 for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position

	As reported RMB'000	Reclassification RMB'000	Remeasurement RMB'000	Amounts without application of HKFRS 15 RMB'000
Non-current Assets				
Deferred tax assets	565,707	–	(64,189)	501,518
Current Assets				
Properties for sale	34,882,404	–	(389,777)	34,492,627
Contract assets	449,590	(449,590)	–	–
Contract costs	201,414	–	(201,414)	–
Trade and other receivables	5,938,028	45,211	–	5,983,239
Amounts due from customers for contract works	–	404,379	–	404,379
Current Liabilities				
Contract liabilities	13,039,071	(12,392,539)	(646,532)	–
Deposits received for sale of properties	–	12,064,741	–	12,064,741
Amounts due to customers for contract works	–	97,443	–	97,443
Trade and other payables	10,393,583	230,355	–	10,623,938
Non-current Liabilities				
Deferred tax liabilities	1,734,943	–	(50,354)	1,684,589
Capital and Reserves				
Reserves	12,465,583	–	35,145	12,500,728
Non-controlling interests	6,490,981	–	6,361	6,497,342

For the year ended 31 December 2018

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and amendments to HKFRSs that are mandatorily effective for the current year (continued)

2.1 HKFRS 15 "Revenue from Contracts with Customers" (continued)

Summary of effects arising from initial application of HKFRS 15 (continued)

Impact on the consolidated statement of profit or loss and other comprehensive income

	As reported RMB'000	Remeasurement RMB'000	Amounts without application of HKFRS 15 RMB'000
Revenue	13,986,133	(83,522)	13,902,611
Cost of sales and services	(9,802,167)	172,327	(9,629,840)
Gross profit	4,183,966	88,805	4,272,771
Selling and distribution expenses	(439,032)	(254,776)	(693,808)
Finance costs	(1,464,674)	239,477	(1,225,197)
Profit before tax	3,036,919	73,506	3,110,425
Income tax expense	(1,868,735)	(18,377)	(1,887,112)
Profit for the year	1,168,184	55,129	1,223,313
Total comprehensive income for the year	1,168,006	55,129	1,223,135
Profit for the year attributable to:			
Owners of the Company	728,339	49,562	777,901
Other non-controlling interests	439,845	5,567	445,412
Total comprehensive income attributable to:			
Owners of the Company	728,233	49,562	777,795
Other non-controlling interests	439,773	5,567	445,340

Impact on the consolidated statement of cash flows

	As reported RMB'000	Reclassification RMB'000	Remeasurement RMB'000	Amounts without application of HKFRS 15 RMB'000
Operating activities				
Profit before tax	3,036,919	–	73,506	3,110,425
Increase in properties for sale	(2,209,839)	–	379,858	(1,829,981)
Increase in trade and other receivables	(4,458,370)	(24,030)	–	(4,482,400)
Increase in amounts due from customers for contract works	–	(300,300)	–	(300,300)
Increase in contract assets	(324,330)	324,330	–	–
Increase in contract costs	(90,414)	–	90,414	–
Increase in trade and other payables	3,169,848	(267,181)	–	2,902,667
Increase in amounts due to customers for contract works	–	83,665	–	83,665
Increase in deposits received for sale of properties	–	5,165,946	–	5,165,946
Increase in contract liabilities	5,526,208	(4,982,430)	(543,778)	–

The explanations of the above changes affected in the current period by the application of HKFRS 15 as compared to HKAS 11, HKAS 18 and the related interpretations are set out in notes (a) to (f) above for describing the adjustments made to the consolidated statement of financial position at 1 January 2018 upon the adoption of HKFRS 15.

For the year ended 31 December 2018

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and amendments to HKFRSs that are mandatorily effective for the current year (continued)

2.2 HKFRS 9 "Financial Instruments"

In the current year, the Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses ("ECL") for financial assets and other items (for example, contract assets, lease receivables and financial guarantee contracts) and (3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening accumulated profits, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 "Financial Instruments: Recognition and Measurement".

Accounting policies resulting from application of HKFRS 9 are disclosed in note 3.

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement of financial assets and other items subject to ECL under HKFRS 9 at the date of initial application, 1 January 2018.

	NOTES	Available-for-sale investments RMB'000	Financial assets at FVTPL required by HKAS 39/ HKFRS 9 RMB'000 (note b)	Equity instruments designated at FVTOCI RMB'000	Financial assets at amortised cost (previously classified as loans and receivables) RMB'000	Contract assets RMB'000	Deferred tax assets RMB'000	Accumulated profits RMB'000	Non-controlling interests RMB'000
Closing balance at 31 December 2017 – under HKAS 39		117,663	234,460	–	21,759,577	–	461,990	9,258,307	5,061,114
Effect arising from initial application of HKFRS 15		–	–	–	(21,548)	125,627	13,708	14,417	(794)
Effect arising from initial application of HKFRS 9:									
Reclassification									
From AFS investments	(a)	(117,663)	–	117,663	–	–	–	–	–
Remeasurement									
Impairment under ECL model	(c)	–	–	–	(11,537)	(2,983)	3,630	(10,134)	(756)
Opening balance at 1 January 2018		–	234,460	117,663	21,726,492	122,644	479,328	9,262,590	5,059,564

For the year ended 31 December 2018

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and amendments to HKFRSs that are mandatorily effective for the current year (continued)

2.2 HKFRS 9 "Financial Instruments" (continued)

Summary of effects arising from initial application of HKFRS 9 (continued)

Notes:

(a) AFS investments

The Group elected to present in OCI for the fair value changes of all its equity investments previously classified as AFS investments. These investments are not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of HKFRS 9, RMB117,663,000 were reclassified from AFS investments to equity instruments designated at FVTOCI, which were related to unquoted equity investments previously measured at cost less impairment under HKAS 39. No fair value change relating to those unquoted equity investments was adjusted to equity instruments at FVTOCI and FVTOCI reserve as at 1 January 2018.

(b) Financial assets at FVTPL

Financial assets at FVTPL are securities investments and derivatives which is managed and its performance is evaluated on a fair value basis and they are required to be measured at FVTPL under HKFRS 9. There was no impact on the amounts recognised in relation to these assets from the application of HKFRS 9.

(c) Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and contract assets. Except for those which had been determined as credit impaired under HKAS 39, trade receivables and contract assets are grouped based on shared credit risk characteristics. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore estimated the expected loss rates for the trade receivables and the contract assets on the same basis.

Loss allowance for other financial assets at amortised cost, including restricted/pledged bank deposits, bank balances, other receivables, amounts due from non-controlling shareholders of the subsidiaries of the Company, associates and joint ventures are assessed on 12-month ECL basis as there had been no significant increase in credit risk since initial recognition .

As at 1 January 2018, the additional credit loss allowance of RMB14,520,000, after net of deferred tax effect of RMB3,630,000, has been recognised against accumulated profits and non-controlling interests of RMB10,134,000 and RMB756,000, respectively. The additional loss allowance is charged against the respective assets.

For the year ended 31 December 2018

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and amendments to HKFRSs that are mandatorily effective for the current year (continued)

2.2 HKFRS 9 "Financial Instruments" (continued)

Summary of effects arising from initial application of HKFRS 9 (continued)

Notes: (continued)

(c) Impairment under ECL model (continued)

All loss allowances including contract assets and trade and other receivables as at 31 December 2017 reconcile to the opening loss allowances as at 1 January 2018 is as follows:

	Contract assets RMB'000	Trade and other receivables RMB'000
At 31 December 2017		
– under HKAS 39	–	188,952
Reclassification	9,448	(9,448)
Amounts remeasured through opening accumulated profits/non-controlling interests	2,983	11,537
At 1 January 2018	12,431	191,041

2.3 Amendments to HKAS 40 "Transfers of Investment Property"

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by evidence that a change in use has occurred. The amendments further clarify that situations other than the ones listed in HKAS 40 may evidence a change in use, and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

At the date of initial application, the Group assessed the classification of certain properties based on conditions existing at that date. There is no impact to the classification at 1 January 2018.

For the year ended 31 December 2018

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and amendments to HKFRSs that are mandatorily effective for the current year (continued)

2.4 Impacts on opening consolidated statement of financial position arising from the application of all new standards

As a result of the changes in the Group's accounting policies above, the opening consolidated statement of financial position had to be adjusted. The following table show the adjustments recognised for each of the line items affected. Line items that were not affected by the changes have not been included.

	31 December 2017 (Audited) RMB'000	HKFRS 15 RMB'000	HKFRS 9 RMB'000	1 January 2018 (Adjusted) RMB'000
Non-current Assets				
Equity instruments designated at FVTOCI	–	–	117,663	117,663
AFS investments	117,663	–	(117,663)	–
Deferred tax assets	461,990	13,708	3,630	479,328
Current Assets				
Properties for sale	23,777,966	9,919	–	23,787,885
Contract assets	–	125,627	(2,983)	122,644
Contract costs	–	111,000	–	111,000
Trade and other receivables	4,129,404	(21,548)	(11,537)	4,096,319
Amounts due from customers for contract works	104,079	(104,079)	–	–
Current Liabilities				
Trade and other payables	9,282,468	(497,536)	–	8,784,932
Deposits received for sale of properties	5,503,060	(5,503,060)	–	–
Amounts due to customers for contract works	13,778	(13,778)	–	–
Contract liabilities	–	6,117,128	–	6,117,128
Net Current Assets	19,553,844	18,165	(14,520)	19,557,489
Total Assets Less Current Liabilities	42,061,628	31,873	(10,890)	42,082,611
Non-current Liabilities				
Deferred tax liabilities	1,754,528	18,250	–	1,772,778
Net Assets	17,698,031	13,623	(10,890)	17,700,764
Capital and Reserves				
Reserves	12,139,049	14,417	(10,134)	12,143,332
Equity attributable to owners of the Company	12,636,917	14,417	(10,134)	12,641,200
Non-controlling interests	5,061,114	(794)	(756)	5,059,564
Total Equity	17,698,031	13,623	(10,890)	17,700,764

Note: For the purposes of reporting cash flows from operating activities under indirect method for the year ended 31 December 2018, movements in working capital have been computed based on opening statement of financial position as at 1 January 2018 as disclosed above.

For the year ended 31 December 2018

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[2]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[5]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after 1 January 2021
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020
5 Effective for annual periods beginning on or after 1 January 2020

Except as described below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the Group's consolidated financial statements in the foreseeable future.

HKFRS 16 "Leases"

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

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. HKFRS 16 also includes requirements relating to subleases and lease modifications.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

For the year ended 31 December 2018

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and amendments to HKFRSs in issue but not yet effective (continued)

HKFRS 16 "Leases" (continued)

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

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

Other than certain requirements which are also applicable to lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2018, the Group has non-cancellable operating lease commitments of RMB170,961,000 as disclosed in note 50. A preliminary assessment indicates that these arrangements would meet the definition of a lease. Upon application of HKFRS 16, the Group would recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid and refundable rental deposits received, as rights and obligations under leases to which HKAS 17 applies were insignificant.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group would elect the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17. Therefore, the Group would not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group would elect the modified retrospective approach for the application of HKFRS 16 as lessee and would recognise the cumulative effect of initial application to opening retained profits, if any, without restating comparative information.

Amendments to HKAS 1 and HKAS 8 Definition of Material

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgements. The amendments also align the definition across all HKFRSs and will be mandatorily effective for the Group's annual period beginning on 1 January 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

For the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

The principal accounting policies are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation

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

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

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

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date of the Group gains control until the date when the Group ceases to control the subsidiary.

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

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

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

For the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Changes in the Group's ownership interests in existing subsidiaries

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

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9/HKAS 39 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

Acquisition of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income Taxes" and HKAS 19 "Employee Benefits" respectively;

- liabilities or equity instruments related to share-based payment arrangement of the acquire or share-based payment arrangement of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based Payment" at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard.

For the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amounts of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after reassessment, the net amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under HKFRS 9/HKAS 39 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

Acquisition of a subsidiary not constituting a business

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to the financial assets and financial liabilities at the respective fair value, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

For the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

The Group's policy for the goodwill arising on the acquisition of associates and joint ventures is described below.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

For the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates and joint ventures (continued)

The results and assets and liabilities of associates or joint ventures are incorporated in the consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale shall be accounted for using the equity method. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint venture. Changes in net assets of the associate or joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

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

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate or joint venture, it is accounted for as disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest in a financial asset within the scope of HKFRS 9/HKAS 39, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint ventures and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal or partial disposal of the relevant associate or joint venture.

For the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates and joint ventures (continued)

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

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

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in note 2)

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to a contract are accounted for an presented on a net basis.

For the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in note 2) (continued)

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

For property management services, value added services, hotel accommodation services and travel agency services, the progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the services transferred to the customer to date relative to the remaining services promised under the contract, that best depict the Group's performance in transferring control of services.

For construction of properties and engineering services, the progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

For advance payments received from customers before the transfer of the associated goods or services in which the Group adjusts for the promised amount of consideration for a significant financing component, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The relevant interest expenses during the period between the advance payments were received and the transfer of the associated goods and services are accounted for on the same basis as other borrowing costs.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

For the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in note 2) (continued)

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises such costs (mainly sales commissions) as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

Warranties

The Group accounts for the warranty in accordance with HKAS 37 "Provision, Contingent Liabilities and Contingent Assets", as the Group provides assurance that the product complies with agreed-upon specifications and the customer does not have the option to purchase a warranty separately.

Revenue recognition (prior to 1 January 2018)

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

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Sale of properties

Revenue from sale of properties in the ordinary course of business is recognised when the respective properties have been completed and delivered to the buyers. Deposits and instalments received from purchasers prior to meeting the above criteria for revenue recognition are included in the consolidated statement of financial position under current liabilities.

Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed.

For the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (prior to 1 January 2018) (continued)

Property management service, value-added service and travel agency service

The service income are recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Construction contract revenue

Where the outcome of the construction contract revenue can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

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

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

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract works. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract works.

Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received included in other payables. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade receivables.

Hotel operation

Revenue from hotel accommodation, hotel management and related services, food and beverage sales and other ancillary services is recognised when the services are rendered.

For the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (prior to 1 January 2018) (continued)

Interest income

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

Rental income

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leasing below.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below) are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and accumulated impairment losses, if any.

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

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to accumulated profits.

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

Assets held under finance leases are depreciated over their expected useful lives on the same basis as own assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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

For the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Buildings under development for future owner occupied purpose

When buildings are in the course of development for production, or for administrative purposes, the amortisation of prepaid lease payments provided during the construction period is included as part of costs of buildings under construction. Buildings under construction are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purposes).

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair values. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are classified and accounted for as investment properties and are measured using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

Construction costs and interest expense incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

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

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses.

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

For the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment on tangible assets, intangible assets and contract costs other than goodwill (see accounting policy in respect of goodwill above)

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives and contract costs to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of tangible and intangible assets are estimated individually, when it is not possible to estimate the recoverable amount of an assets individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Before the Group recognises an impairment loss for assets capitalised as contract costs under HKFRS 15, the Group assesses and recognises any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalised as contract costs is recognised to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognised as expenses. The assets capitalised as contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

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

For the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Properties for sale

Completed properties and properties under development for sale in the ordinary course of business are included in current assets and stated at the lower of cost and net realisable value. Cost includes the cost of land, development expenditure, borrowing costs capitalised in accordance with the Group's accounting policy, and other attributable expenses. Cost of each unit in each phase of development is determined using the weighted average method.

Net realisable value represents the estimated selling price for properties for sale less all estimated costs of completion and costs necessary to make the sale.

The Group transfers a property from inventories to investment property when there is a change of intention to hold the property to earn rentals or/and for capital appreciation rather than for sale in the ordinary course of business, which is evidenced by the commencement of an operating lease to another party. Any difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

For the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 since 1 January 2018. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair values of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

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

Financial assets

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 2)

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in OCI if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 “Business Combinations” applies.

For the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 2) (continued)

A financial asset is classified as held for trading if:

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

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit- impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will continue to be held in the FVTOCI reserve.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

For the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 2) (continued)

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 2)

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables, amounts due from non-controlling shareholders of the subsidiaries of the Company, associates and joint ventures, restricted/pledged bank deposits and bank balances and contract assets). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

For the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 2) (continued)

(i) Significant increase in credit risk (continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contract, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

For the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 2) (continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the expected losses is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 2) (continued)

(v) Measurement and recognition of ECL (continued)

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis. Details of the basis were set out in note 49(b).

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with HKFRS 9; and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, contract assets and financial guarantee contracts where the corresponding adjustment is recognised through a loss allowance account.

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 January 2018)

Financial assets are classified into the following specified categories: loans and receivables, financial assets at FVTPL and AFS financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

(i) Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is (i) held for trading, (ii) it is at FVTPL or (iii) contingent consideration that may be paid by an acquirer as part of a business combination.

A financial asset is classified as held for trading if:

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

For the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 January 2018) (continued)

(i) Financial assets at FVTPL (continued)

A financial asset other than a financial asset held for trading or contingent consideration that may be received by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

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

Financial assets at FVTPL are stated at fair value, with any gain and losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets and is included in the other gains and losses line item. Fair value is determined in the manner described in note 20.

(ii) AFS financial assets

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investment or (c) financial assets at FVTPL.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from non-controlling shareholders of the subsidiaries of the Company, associates and joint ventures, restricted/pledged bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment losses.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

For the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (before application of HKFRS 9 on 1 January 2018)

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

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

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

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

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

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss.

For the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI upon application of HKFRS 9, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to FVTOCI reserve.

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities including trade and other payables, amounts due to associates, joint ventures and non-controlling shareholders of subsidiaries of the Company, borrowings, senior notes and bonds and asset-backed securities issued, are subsequently measured at amortised cost, using the effective interest method.

For the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Financial guarantee contracts

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

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

(i) the amount of the obligation under the contract, as determined in accordance with HKFRS 9 (since 1 January 2018) and HKAS 37 "Provision, Contingent Liabilities and Contingent Assets" (before application of HKFRS 9 on 1 January 2018); and

(ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition/substantial modification of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

The Group accounts for an exchange with a lender of a financial liability with substantially different terms as an extinguishment of the original financial liability and the recognition of a new financial liability. A substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the Group) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

Non-substantial modifications of financial liabilities (under HKFRS 9 since 1 January 2018)

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

For the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Senior notes and bonds and asset-backed securities issued

Senior notes issued by the Company that contain both liability and early redemption option (which is not closely related to the host contract) are classified separately into respective items on initial recognition. At the date of issue, both the liability and early redemption option components are recognised at fair value.

Bonds and asset-backed securities issued by the subsidiaries of the Company that contain both liability and put option (which is closely related to the host contracts) are not separated into host contract and embedded derivatives on initial recognition. At the date of issue, the bonds and asset-backed securities issued are recognised at fair value.

In subsequent periods, the liability component of the senior notes, bonds and asset-backed securities issued are carried at amortised cost using the effective interest method. The early redemption option of senior notes is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that related to the issue of the senior notes and bonds and asset-backed securities issued are included in the carrying amount of the senior notes and bonds and asset-backed securities issued and amortised over the period of the senior notes and bonds and asset-backed securities issued using the effective interest method.

Scheme-based Payments

Equity-settled share-based payment transactions

Share options scheme

Equity-settled share-based payments to employees are measured at fair value of equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instrument that will eventually vest, with a corresponding increase in equity (share option reserve). At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest based on assessment of all the relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will continue to be held in share options reserve.

For the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing

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

The Group as lessor

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

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy above).

Operating lease payments, including the cost of acquiring land held under operating leases, are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Leasehold land and building

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

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

Prepaid lease payments

The prepaid lease payments represent upfront payments for land use rights for the purpose of development of properties for sale or for use in the production or supply of goods or services, and are initially recognised at cost and released to profit or loss over the remaining lease term on a straight-line basis. The prepaid lease payments in respect of development of projects for sale whereby the construction work is expected to complete beyond normal operating cycle are classified under non-current assets.

For the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing (continued)

Premium on prepaid lease payments

The premium on prepaid lease payments represent the excess of the consideration paid over the carrying amount of the prepaid lease payments in respect of leasehold lands in the PRC acquired through acquisition of assets and liabilities through acquisition of subsidiaries and released to profit or loss over the remaining lease term on a straight-line basis. The premium on prepaid lease payments in respect of projects whereby the construction work is expected to complete beyond normal operating cycle are classified under non-current assets.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of the entity (foreign currencies) are recognised at the rates of exchange prevailing at the dates of transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

Borrowing costs

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

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

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

For the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

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

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in HKAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

For the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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

Employee Benefits

Retirement benefit costs

Payments to state-managed retirement benefit scheme and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from services cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

Critical judgements in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As at 31 December 2018, the carrying amount of deferred taxation on investment properties is RMB1,450,400,000 (2017: RMB1,403,903,000).

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Determination of net realisable value of properties for sale

Properties for sale are stated at the lower of cost and net realisable value with an aggregate carrying amount of RMB34,882,404,000 (2017: RMB23,777,966,000). Cost, including the cost of land, development expenditures, borrowing costs capitalised in accordance with the Group's accounting policy and other attributable expenses, are allocated to each unit in each phase based on saleable gross floor area, using the weighted average method. The net realisable value is the estimated selling price (based on prevailing real estate market conditions in the PRC) less estimated selling expenses and estimated cost to completion (if any), which are determined based on best available information. Where there is any decrease in the estimated selling price arising from any changes to the property market conditions in the PRC, there may be written down on the properties under development for sale and completed properties for sale.

Fair value measurements and valuation processes

The investment properties of the Group amounting to RMB10,515,977,000 (2017: RMB10,194,164,000) are measured at fair value for financial reporting purposes. The board of directors of the Company has set up a valuation team, which is headed up by the chief financial officer of the Company, to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an investment property, the Group uses market-observable data to the extent it is available. The Group engages third party qualified valuers to perform the valuation. The valuation team works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The chief financial officer reports the valuation team's findings to the board of directors of the Company periodically to explain the cause of fluctuations in the fair value of the investment properties. The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of investment properties. Note 16 provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of investment properties of the Group.

For the year ended 31 December 2018

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

Key sources of estimation uncertainty (continued)

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating units to which goodwill has been allocated which is the higher of the value in use and fair value less costs of disposal. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit based on five-year financial budgets approved by the management of the Group and a suitable discount rate in order to calculate the present value. The Group engages an independent valuer to assist the estimation. The valuation team of the Group works closely with the independent valuer to establish the appropriate estimation model and inputs to the model. Key estimates involved in the preparation of cash flow projections for the period covered by the approved financial budgets include the growth rates, discount rates and expected future cash inflows/outflows including revenue, gross profit and operating expenses estimated. The cash flows beyond the five-year period are extrapolated using zero growth rate. Where the actual future cash flows are less than expected, or changes in facts and circumstances which result in downward revision of expected future cash inflows due to unfavourableness, a material impairment loss may arise. As at 31 December 2018, the carrying amount of goodwill net of accumulated impairment loss of RMB81,574,000 (2017: RMB81,574,000) was amounted to RMB2,339,723,000 (2017: RMB2,299,758,000).

Estimated impairment of intangible assets

Intangible assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of the cash-generating units to which intangible assets have been allocated exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The value-in-use calculation requires the Group to estimate the future cash flows from the assets of cash-generating unit and a suitable discount rate in order to calculate the present value of those cash flows. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2018, the carrying amount of intangible assets net of accumulated impairment loss was RMB1,188,896,000 (2017: RMB1,319,901,000).

Fair value measurement of a debt instrument included in financial assets at FVTPL

A debt instrument included the Group's financial assets at FVTPL amounting to RMB2,038,000,000 as at 31 December 2018 (2017: nil) are measured at fair values with fair values being determined based on unobservable inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could affect the reported fair values of these instruments. See notes 20 and 49(c) for further disclosures.

Provision of ECL for contract assets and payments on behalf of residents included in trade and other receivables

The Group uses provision matrix to calculate ECL for the contract assets and payments on behalf of residents included in trade and other receivables. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At the end of each reporting period, the historical observed default rates are reassessed and changes in the forward-looking information are considered. As at 31 December 2018, the gross carrying amounts of contract assets and payments on behalf of residents were RMB462,388,000 and RMB910,966,000, respectively, and the balances of allowance for credit losses were RMB12,798,000 and RMB122,911,000, respectively.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's contract assets and payments on behalf of residents are disclosed in note 49.

For the year ended 31 December 2018

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

Key sources of estimation uncertainty (continued)

Provision of ECL for trade receivables

The Group uses provision matrix to calculate ECL for the trade receivables except that trade receivables with significant balances and credit impaired are assessed for ECL individually. The provision rates are based on internal credit ratings as groupings of various debtors by their aging, which are considered of similar loss pattern. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. As at 31 December 2018, the gross carrying amount of trade receivables was RMB2,020,002,000 and the balance of allowance for credit losses was RMB62,875,000.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in note 49.

Land appreciation tax

The Group is subject to LAT in the PRC. However, the implementation and settlement of the tax varies amongst different tax jurisdictions in various cities of the PRC and certain projects of the Group have not finalised their LAT calculations and payments with any local tax authorities in the PRC. Accordingly, significant estimate is required in determining the amount of land appreciation and its related income tax provisions. The Group recognised the LAT based on the management's best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and the related income tax provisions in the periods in which such tax is finalised with the local tax authorities.

As explained in above, the carrying amounts of investment properties are presumed to be recovered entirely through sale, as such deferred tax charge on the fair value change of investment properties has taken into account the LAT payable upon the disposal of these properties.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit or taxable temporary difference will be available against which the tax losses can be utilised. Significant management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits or taxable temporary difference together with future tax planning strategies. As at 31 December 2018, the carrying amount of deferred tax assets recognised for unused tax losses was RMB152,551,000 (2017: RMB151,538,000).

Recognition and allocation of construction costs on properties under development

Development costs of properties are recorded as properties under development during the construction stage and will be transferred to completed properties for sale and charged to the consolidated statement of profit or loss and other comprehensive income upon the recognition of the sales of the properties. Before the final settlement of the development costs and other costs relating to the sales of the properties, these costs are accrued by the Group based on the management's best estimate. During the development stage, the Group typically divides the development projects into phases. Costs that are common to different phases are allocated to individual phase based on saleable area. Where the final settlement of costs and the related cost allocation is different from the initial estimates, any increase or decrease in the development costs and other costs would affect the profit or loss in future years.

For the year ended 31 December 2018

5. REVENUE FROM GOODS AND SERVICES

For the year ended 31 December 2018

(i) Disaggregation of revenue from contracts with customers

	For the year ended 31 December 2018					
Segments	**Property development RMB'000**	**Property agency services RMB'000**	**Property operation services RMB'000**	**Hotel operations RMB'000**	**Others RMB'000**	**Total RMB'000**
Types of goods and services						
Property development						
Sales of completed properties	7,695,367	–	–	–	–	7,695,367
Construction of properties	859,141	–	–	–	–	859,141
Property agency services						
Provision of property agency services	–	129,666	–	–	–	129,666
Property operation services						
Provision of property management services	–	–	3,601,065	–	–	3,601,065
Provision of value-added services	–	–	340,311	–	–	340,311
Provision of engineering services	–	–	216,190	–	–	216,190
Hotel operations						
Provision of hotel accommodation services	–	–	–	135,700	–	135,700
Others						
Manufacturing and sales of fuel pumps	–	–	–	–	414,400	414,400
Provision of travel agency services	–	–	–	–	341,784	341,784
	8,554,508	129,666	4,157,566	135,700	756,184	13,733,624
Timing of revenue recognition						
A point in time	7,695,367	129,666	–	–	414,400	8,239,433
Over time	859,141	–	4,157,566	135,700	341,784	5,494,191
	8,554,508	129,666	4,157,566	135,700	756,184	13,733,624

For the year ended 31 December 2018

5. REVENUE FROM GOODS AND SERVICES (continued)

For the year ended 31 December 2018 (continued)

(i) Disaggregation of revenue from contracts with customers (continued)

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

	For the year ended 31 December 2018						
Segments	**Property development RMB'000**	**Property investment RMB'000**	**Property agency services RMB'000**	**Property operation services RMB'000**	**Hotel operations RMB'000**	**Others RMB'000**	**Total RMB'000**
Revenue disclosed in segment information							
External customers	8,554,508	252,509	129,666	4,157,566	135,700	756,184	13,986,133
Inter-segment	13,906	2,727	–	118,078	–	–	134,711
	8,568,414	255,236	129,666	4,275,644	135,700	756,184	14,120,844
Elimination	(13,906)	(2,727)	–	(118,078)	–	–	(134,711)
Rental income	–	(252,509)	–	–	–	–	(252,509)
Revenue from contracts with customers	8,554,508	–	129,666	4,157,566	135,700	756,184	13,733,624

(ii) Performance obligations for contracts with customers

The Group recognises revenue from goods and services from the following major sources:

- Sales of completed properties;
- Construction of properties;
- Provision of property agency services;
- Provision of property management services;
- Provision of value-added services;
- Provision of engineering services;
- Provision of hotel accommodation services;
- Provision of travel agency services; and
- Manufacturing and sales of fuel pumps.

For the year ended 31 December 2018

5. REVENUE FROM GOODS AND SERVICES (continued)

For the year ended 31 December 2018 (continued)

(ii) Performance obligations for contracts with customers (continued)

For sales of completed properties, the Group presold the properties under construction and receives deposits from customers. Revenue is recognised at a point in time when the customer obtains the control of the completed property and the Group has present right to payment and the collection of the consideration is probable.

For construction of properties, the Group constructs the properties for customers. The construction is recognised as performance obligation satisfied over time as the Group is recognised over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised for the construction based on the stage of completion of the contract using input method.

For provision of property agency services, agency commission is recognised at a point in time when a buyer and seller execute a legally binding sale agreement and performance obligations are satisfied. Payment of the transaction is due immediately when performance obligations are satisfied.

Property management services mainly include property management services under lump sum basis, commission basis and at pre-delivery stage. For property management services, the Group bills a fixed rate for services provided on a monthly/regular basis and recognises as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed.

For property management services income from properties managed under lump sum basis, where the Group acts as principal and is primary responsible for providing the property management services to the property owners. As the property owners simultaneously receives and consumes the benefit provided by the Group's performance as the Group performs, the Group recognises the fee received or receivable from property owners as its revenue over time and all related property management costs as its cost of services.

For property management services income from properties managed under commission basis, the Group recognises the commission for providing the property management services to the property management offices of residential communities, which is calculated by certain percentage of the total property management fee charged to the property owners. As the property management offices of residential communities simultaneously receives and consumes the benefit provided by the Group's performance as the Group renders property management services, the Group recognises the fee received or receivables from property management offices of residential communities as its revenue for arranging and monitoring the services as provided by other suppliers to the property management offices of residential communities over time.

For property management services income at pre-delivery stage, where the Group acts as principal and is primary responsible for providing the property management services for the property developers. As the property developers simultaneously receives and consumes the benefit provided by the Group's performance as the Group performs, the Group recognises the fee received or receivable from property developers as its revenue over time and all related property management costs as its cost of services.

For the year ended 31 December 2018

5. REVENUE FROM GOODS AND SERVICES (continued)

For the year ended 31 December 2018 (continued)

(ii) Performance obligations for contracts with customers (continued)

For consultancy services income for residential communities under consultancy service arrangement, where the Group acts as principal and is primary responsible for providing the consultancy services for the property management companies. As the property management companies simultaneously receives and consumes the benefit provided by the Group's performance as the Group performs. The Group agrees the fee for services with the property management companies upfront and recognises the fee received or receivable from the property management companies, as its revenue over time and all related property management costs as its cost of services.

For value-added services, the Group agrees the fixed rate for services with the customers upfront and issues the bill on a monthly/regular basis to the customers which varies based on the actual level of service completed in that month/period. As the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs, the revenue is recognised over time when the performance obligations are satisfied. Payment of the transaction is due immediately when performance obligations are satisfied.

For engineering services, the Group's performance creates or enhances an asset or work in progress that the customers control as the asset is created or enhanced, thus the Group satisfies a performance obligation and recognises revenue over time, by reference to completion of satisfaction of the performance obligation.

For provision of hotel accommodation services, the Group agrees the fixed rate for services with the customers upfront. As the customer simultaneously receives and consumes the benefits provided by the Group's performance, the revenue is recognised over time when the performance obligations are satisfied. Payment of the transaction is due immediately when performance obligations are satisfied.

For provision of travel agency services, the Group agrees the fixed fee income for tour services provided by the Group with the customers upfront. As the customer simultaneously receives and consumes the benefits provided by the Group's performance, thus the revenue is recognised over time when the performance obligations are satisfied.

For manufacturing and sales of fuel pumps, revenue is recognised at a point in time when the customer obtains the control of the fuel pumps, the Group has present right to payment and the collection of the consideration is probable.

For the year ended 31 December 2018

5. REVENUE FROM GOODS AND SERVICES (continued)

For the year ended 31 December 2018 (continued)

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining unsatisfied performance obligations as at 31 December 2018 and the expected timing of recognising revenue are as follows:

	Sales of completed properties RMB'000	**Construction of properties RMB'000**
Within one year	8,521,560	566,627
More than one year	10,331,103	–
	18,852,663	566,627

The performance obligation of property agency services, property management services, value-added services, engineering services, hotel accommodation services, travel agency services and manufacturing and sales of fuel pumps are parts of the contracts that have an original expected duration of one year or less. As permitted under HKFRS 15, the transaction price allocated to the unsatisfied contracts in relation to these services is not disclosed.

For the year ended 31 December 2017

Revenue from major services for the year ended 31 December 2017 is set out in note 6.

6. SEGMENT INFORMATION

The segment information reported externally was analysed on the basis of the different products and services supplied by the Group's operating divisions which is consistent with the internal information that are regularly reviewed by the directors of the Company, the chief operating decision makers, for the purposes of resource allocation and assessment of performance. This is also the basis of organisation in the Group, whereby the management has chosen to organise the Group by different type of products sold and services rendered.

The Group has six reportable and operating segments, comprising of property development, property investment, property agency services, property operation services, hotel operation and others (including travel agency services and manufacturing and sale of fuel pumps).

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 3. Segment result represents the profit earned by each segment without allocation of interest income, change in fair value of financial assets at FVTPL, gain on remeasurement of interests in joint ventures and AFS investments, net exchange loss/gain, loss on repurchase, early redemption and modification of senior notes and corporate bonds, loss on settlement of defined benefit obligation, share-based payment expenses, finance costs, share of results of associates and joint ventures, gain on disposal of subsidiaries, central administration costs and directors' salaries. This is a measure reported to the chief operating decision makers for the purposes of resources allocation and assessment of segment performance.

Inter-segment revenues are charged at prevailing market rate.

For the year ended 31 December 2018

6. SEGMENT INFORMATION (continued)

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision makers also review the segment assets attributable to each operating segment, which comprises assets other than interests in associates and joint ventures, AFS investments/equity instruments designated at FVTOCI, financial assets at FVTPL, amounts due from non-controlling shareholders of the subsidiaries of the Company, associates and joint ventures, restricted/pledged bank deposits, bank balances and cash and other corporate assets.

The following is an analysis of the Group's revenue, results and other material items by operating and reportable segment under review:

For 31 December 2018

	Property development RMB'000	Property investment RMB'000	Property agency services RMB'000	Property operation services RMB'000	Hotel operations RMB'000	Others RMB'000	Total RMB'000
External revenues	8,554,508	252,509	129,666	4,157,566	135,700	756,184	13,986,133
Inter-segment revenues	13,906	2,727	–	118,078	–	–	134,711
Segment results	1,439,402	351,727	83,540	901,975	(5,035)	(99,159)	2,672,450
Segment assets	37,865,715	10,652,307	18,808	7,565,411	1,100,918	2,741,429	59,944,588
Amounts included in the measure of segment profit or loss or segment assets:							
Additions to non-current assets (note)	362,248	390,004	8,223	155,519	2,325	177,995	1,096,314
Change in fair value of investment properties	–	136,802	–	–	–	–	136,802
Recognition of change in fair value of completed properties for sale upon transfer to investment properties	82,409	–	–	–	–	–	82,409
Release of prepaid lease payments	13,868	–	–	–	506	–	14,374
Release of premium on prepaid lease payments	13,671	–	–	–	–	–	13,671
Amortisation of intangible assets	–	–	–	136,428	–	3,497	139,925
Depreciation of property, plant and equipment	65,287	4,245	3,423	52,908	36,982	69,446	232,291
Gain on disposal of property, plant and equipment	(1,473)	–	–	(187)	–	–	(1,660)
Allowance for impairment losses, net of reversal	28,981	–	–	53,443	–	–	82,424

For the year ended 31 December 2018

6. SEGMENT INFORMATION (continued)

For 31 December 2017

	Property development RMB'000	Property investment RMB'000	Property agency services RMB'000	Property operation services RMB'000	Hotel operations RMB'000	Others RMB'000	Total RMB'000
External revenues	6,598,470	243,187	57,967	2,015,378	134,033	733,533	9,782,568
Inter-segment revenues	15,970	–	–	84,327	–	–	100,297
Segment results	877,444	1,088,765	23,036	504,902	(5,802)	(171,252)	2,317,093
Segment assets	27,731,514	10,354,247	16,391	6,351,341	1,089,959	2,483,425	48,026,877
Amounts included in the measure of segment profit or loss or segment assets:							
Additions to non-current assets (note)	473,440	2,542,869	30	2,764,961	9,782	163,178	5,954,260
Change in fair value of investment properties	–	966,184	–	–	–	–	966,184
Recognition of change in fair value of completed properties for sale upon transfer to investment properties	118,589	–	–	–	–	–	118,589
Release of prepaid lease payments	18,200	–	–	–	1,018	–	19,218
Release of premium on prepaid lease payments	23,990	–	–	–	–	–	23,990
Impairment of goodwill	–	–	–	–	–	50,058	50,058
Amortisation of intangible assets	–	–	–	28,703	–	3,496	32,199
Depreciation of property, plant and equipment	49,939	1,178	1,960	42,112	35,084	41,903	172,176
Loss on disposal of property, plant and equipment	–	–	–	3,146	–	–	3,146
Allowance for impairment losses, net of reversal, on trade and other receivables	11,840	–	–	50,172	–	–	62,012

Note: Additions to non-current assets exclude interests in associates and joint ventures, AFS investments/equity instruments designated at FVTOCI, financial assets at FVTPL, deposits paid for acquisition of land use rights, subsidiaries and a property project, other receivables (non-current) and deferred tax assets.

For the year ended 31 December 2018

6. SEGMENT INFORMATION (continued)

Reconciliation:

	2018 RMB'000	2017 RMB'000
Revenue:		
Total revenue for operating and reportable segments	14,120,844	9,882,865
Elimination of inter-segment revenues	(134,711)	(100,297)
Group's total revenue	13,986,133	9,782,568
Total segment results	2,672,450	2,317,093
Elimination of inter-segment results	(32,872)	(13,470)
Unallocated amounts:		
Interest income	140,257	88,631
Net exchange (loss) gain	(740,583)	598,535
Change in fair value of financial assets at FVTPL	939,273	4,457
Share-based payment expenses	(17,470)	(47,216)
Finance costs	(1,464,674)	(1,279,587)
Share of results of associates and joint ventures	23,740	176,513
Gain on disposal of subsidiaries	1,273,824	326,285
Gain on remeasurement of interests in joint ventures and AFS investments	384,487	562,719
Loss on repurchase/early redemption of senior notes and bonds	(975)	(116,933)
Loss on modification of senior notes and bonds	(48,350)	–
Other unallocated expenses	(92,188)	(50,109)
Profit before tax	3,036,919	2,566,918

	2018 RMB'000	2017 RMB'000
Assets:		
Total assets for operating and reportable segments	59,944,588	48,026,877
Unallocated assets:		
Interests in associates	1,346,586	1,174,908
Interests in joint ventures	1,426,958	1,060,057
AFS investments	–	117,663
Equity instruments designated at FVTOCI	51,551	–
Amounts due from non-controlling shareholders of the subsidiaries of the Company	319,230	1,052,812
Amounts due from associates	15,909	27,567
Amounts due from joint ventures	182,777	362,935
Financial assets at FVTPL	2,127,196	234,460
Restricted/pledged bank deposits	2,347,868	2,106,552
Bank balances and cash	26,222,584	14,335,075
Other unallocated corporate assets	460,824	457,834
Group's total assets	94,446,071	68,956,740

For the year ended 31 December 2018

6. SEGMENT INFORMATION (continued)

The Group's revenue from external customers is derived solely from its operations in the PRC, and non-current assets of the Group are mainly located in the PRC and the United States of America (the "USA").

During the years ended 31 December 2018 and 2017, there was no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

As the Group's segment liabilities are not regularly reviewed by the chief operating decision makers, the liabilities for each operating segment is therefore not presented.

	2018 **RMB'000**	**2017** **RMB'000**
Additions to non-current assets		
Reportable segment total	1,096,314	5,954,260
Unallocated amount	764	4,979
Group's total	1,097,078	5,959,239
Depreciation of property, plant and equipment		
Reportable segment total	232,291	172,176
Unallocated amount	5,682	4,730
Group's total	237,973	176,906

7. OTHER INCOME, GAINS AND LOSSES

	2018 **RMB'000**	**2017** **RMB'000**
Other income		
Interest income	140,257	88,631
Unconditional government grants	9,392	11,341
	149,649	99,972
Other gains and losses		
Change in fair value of financial assets at FVTPL	939,273	4,457
Gain on remeasurement of interests in joint ventures and AFS investments (note 45(a) and (b))	384,487	562,719
Net exchange (loss) gain	(740,583)	598,535
Loss on repurchase/early redemption of senior notes and bonds	(975)	(116,933)
Loss on modification of senior notes and bonds	(48,350)	–
Loss on settlement of defined benefit obligation (note)	–	(107,014)
Gain (loss) on disposal of plant, property and equipment	1,660	(3,146)
Impairment of goodwill (note 21)	–	(50,058)
Others	26,361	20,517
	561,873	909,077

Note: ASIMCO Tianwei Fuel Injection Equipment Stock (Beijing) Co., Ltd. (北京亞新科天緯油泵油嘴股份有限公司), a previously non-wholly owned subsidiary of the Company, adopted an employee benefit scheme to pay post-employment benefits to its eligible employees. During the year ended 31 December 2017, after negotiation with the existing employees, the Group entered into termination contracts with certain existing employees and settled their severance payment. Upon settlement of the severance payments, the related post-employment obligations were extinguished and loss of settlement of defined benefit obligations amounting to RMB107,014,000 was recognised in profit or loss during the year ended 31 December 2017.

For the year ended 31 December 2018

8. IMPAIRMENT LOSSES, NET OF REVERSAL

	2018 RMB'000	2017 RMB'000
Impairment loss recognised on		
– trade and other receivables	(82,057)	(62,012)
– contract assets	(367)	–
	(82,424)	(62,012)

Details of impairment assessment recognised on trade and other receivables and contract assets for the year ended 31 December 2018 are set out in note 49.

9. FINANCE COSTS

	2018 RMB'000	2017 RMB'000
Interest on:		
– bank and other borrowings	1,208,428	602,953
– senior notes and bonds	1,942,299	1,649,157
– finance leases	15,631	4,815
– asset-backed securities issued	22,083	19,332
Imputed interest expenses arising from deposits received from sales of properties	627,300	–
Other finance costs	13,442	21,036
	3,829,183	2,297,293
Less: Amount capitalised in properties under development for sale	(2,303,626)	(995,433)
Amount capitalised in investment properties under construction	(59,855)	(20,523)
Amount capitalised in construction in progress	(1,028)	(1,750)
	1,464,674	1,279,587

During the year ended 31 December 2018, certain amounts of finance costs capitalised arose from the general borrowing pool and were calculated by applying the capitalisation rate of 9.9% per annum (2017: 9.1% per annum) to expenditures on qualifying assets.

For the year ended 31 December 2018

10. PROFIT BEFORE TAXATION

	2018 RMB'000	2017 RMB'000
Profit before tax has been arrived at after charging (crediting):		
Directors' emoluments (note 12)	17,656	17,691
Other staff's salaries and allowances	1,527,422	926,644
Defined benefit scheme costs	60	3,818
Retirement benefit scheme contributions	249,811	148,702
Share-based payments	17,218	47,216
Total staff costs	1,812,167	1,144,071
Less: Amount capitalised in properties under development for sale	(287,202)	(230,522)
	1,524,965	913,549
Auditor's remuneration	5,400	5,200
Release of prepaid lease payments	14,374	19,218
Release of premium on prepaid lease payments	13,671	23,990
Depreciation of property, plant and equipment	237,973	176,906
Amortisation of intangible assets	139,925	32,199
(Gain) loss on disposal of property, plant and equipment	(1,660)	3,146
Cost of properties sold recognised as an expense	5,960,570	4,685,371
Gross rental income from investment properties	(252,509)	(243,187)
Less: Direct operating expenses from investment properties that generated rental income	15,767	15,209
	(236,742)	(227,978)
Rental expenses in respect of rented premises under operating leases	21,317	50,675

11. INCOME TAX EXPENSE

	2018 RMB'000	2017 RMB'000
Current tax in the PRC		
PRC enterprise income tax ("EIT")	893,103	350,960
LAT	803,119	557,584
	1,696,222	908,544
Deferred tax (note 29)		
Charge to profit and loss	172,513	248,663
	1,868,735	1,157,207

For the year ended 31 December 2018

11. INCOME TAX EXPENSE (continued)

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the income of the Group neither arises in nor is derived from Hong Kong.

The Group's EIT is calculated based on the applicable tax rate on assessable profits, if applicable.

LAT 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 cost of land use rights and all property development expenditures.

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

	NOTES	2018 RMB'000	2017 RMB'000
Profit before tax		3,036,919	2,566,918
Tax at PRC EIT rate of 25% (2017: 25%)	(a)	759,230	641,730
Tax effect of share of results of associates and joint ventures		(5,935)	(44,129)
Tax effect of income not taxable for tax purpose		(227,411)	(302,568)
Tax effect of expenses not deductible for tax purpose	(b)	575,069	292,328
Tax effect of tax losses not recognised		240,485	190,431
Utilisation of tax losses previously not recognised		(28,352)	(17,068)
LAT		803,119	557,584
Tax effect of LAT		(200,780)	(139,396)
Tax effect of tax rate differential of certain subsidiaries with preferential tax rate		(49,584)	(22,921)
Others		2,894	1,216
Income tax expense for the year		1,868,735	1,157,207

Notes:

(a) Majority of the assessable profits of the Group were derived from subsidiaries situated in the PRC and the applicable EIT rate of those subsidiaries is 25%.

(b) The amounts for the years ended 31 December 2018 and 2017 mainly represented the tax effect of expenses incurred by offshore companies, including the interest on senior notes, share-based payment expenses, exchange loss (gain), loss on repurchase/early redemption of senior notes and bonds, loss on modification of senior notes and bonds, impairment of goodwill and professional fees.

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12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATIONS

The emoluments paid or payable to the directors and the chief executive disclosed pursuant to the applicable Listing Rules and CO were as follows:

	Fees RMB'000	Salaries and other benefits RMB'000	Discretionary bonus RMB'000	Retirement benefit scheme contributions RMB'000	Share-based payments RMB'000	Total RMB'000
For the year ended 31 December 2018						
Executive directors:						
Mr. Pan Jun (潘軍) (note i)	–	4,913	900	72	188	6,073
Ms. Zeng Jie, Baby (曾寶寶)	–	4,913	900	72	–	5,885
Mr. Deng Bo (鄧波)	–	2,072	402	72	–	2,546
Mr. Lam Kam Tong (林錦堂) (note iv)	–	1,300	–	–	–	1,300
Non-executive directors:						
Mr. Li Dongsheng (李東生)	240	–	–	–	–	240
Mr. Liao Qian (廖騫)	240	–	–	–	–	240
Mr. Lam Kam Tong (林錦堂) (note iv)	108	–	–	–	–	108
Independent non-executive directors:						
Mr. Ho Man (何敏)	240	–	–	–	–	240
Mr. Huang Ming (黃明)	240	–	–	–	–	240
Mr. Liao Jianwen (廖建文)	240	–	–	–	64	304
Ms. Wong Pui Sze, Priscilla (王沛詩)	240	–	–	–	–	240
Mr. Guo Shaomu (郭少牧)	240	–	–	–	–	240
	1,788	13,198	2,202	216	252	17,656
For the year ended 31 December 2017						
Executive directors:						
Mr. Pan Jun (潘軍) (note i)	–	4,720	514	75	–	5,309
Ms. Zeng Jie, Baby (曾寶寶)	–	4,720	514	75	–	5,309
Mr. Lam Kam Tong (林錦堂)	–	2,622	795	–	–	3,417
Mr. Zhou Jinquan (周錦泉) (note ii)	–	–	–	–	–	–
Mr. Deng Bo (鄧波) (note iii)	–	1,711	190	75	–	1,976
Non-executive directors:						
Mr. Li Dongsheng (李東生)	240	–	–	–	–	240
Mr. Yuan Haodong (袁浩東) (note ii)	60	–	–	–	–	60
Mr. Liao Qian (廖騫) (note iii)	180	–	–	–	–	180
Independent non-executive directors:						
Mr. Ho Man (何敏)	240	–	–	–	–	240
Mr. Huang Ming (黃明)	240	–	–	–	–	240
Mr. Liao Jianwen (廖建文)	240	–	–	–	–	240
Ms. Wong Pui Sze, Priscilla (王沛詩)	240	–	–	–	–	240
Mr. Guo Shaomu (郭少牧)	240	–	–	–	–	240
	1,680	13,773	2,013	225	–	17,691

For the year ended 31 December 2018

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATIONS (continued)

Notes:

(i) Mr. Pan Jun is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

(ii) Mr. Zhou Jinquan and Mr. Yuan Haodong resigned on 17 January 2017 and 31 March 2017, respectively.

(iii) Mr. Deng Bo and Mr. Liao Qian were appointed on 17 January 2017 and 31 March 2017, respectively.

(iv) Mr. Lam Kam Tong resigned as the executive director and was re-designated as a non-executive director of the Company on 20 July 2018.

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

The non-executive directors' emoluments shown above were paid for their services as directors of the Company or its subsidiaries.

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

The discretionary bonus is determined by the Board of Directors based on the Group's performance for each financial year.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

Five highest paid employees

The five individuals with the highest emoluments in the Group included 2 (2017: 3) directors for the year ended 31 December 2018. Details of their emoluments are set out above. The emoluments of the remaining 3 (2017: 2) of the five highest paid individuals is as follows:

	2018	**2017**
	RMB'000	**RMB'000**
Salaries and allowances	9,721	5,726
Discretionary bonus	1,985	1,629
Retirement benefit scheme contributions	214	151
	11,920	7,506

Their emoluments were within the following band:

	2018	**2017**
	No. of employees	**No. of employees**
HKD4,000,001 to HKD4,500,000	3	2

During the years ended 31 December 2018 and 2017, no remuneration was paid by the Group to any of the directors, chief executive or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors and chief executive waived any remuneration for both the years ended 31 December 2018 and 2017.

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13. DIVIDENDS

	2018 RMB'000	2017 RMB'000
Dividends recognised as distribution during the year:		
2017 final dividend HK7.00 cents (2017: 2016 final dividend HK5.00 cents) per share	329,217	250,049

Subsequent to the end of the reporting period, a final dividend in respect of year ended 31 December 2018 of HK4.00 cents, equivalent to RMB3.4 cents (2017: final dividend in respect of year ended 31 December 2017 of HK7.00 cents, equivalent to RMB5.8 cents) per share amounting to approximately RMB195,940,000 has been proposed by the directors for approval by the shareholders in the annual general meeting.

14. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2018 RMB'000	2017 RMB'000
Earnings		
Earnings for the purpose of basic earnings per share (profit for the year attributable to owners of the Company)	728,339	1,154,316
Effect of dilutive potential ordinary shares:		
Share options – Colour Life	(93)	–
Earnings for the purpose of diluted earnings per share	728,246	1,154,316
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	5,762,746,463	5,761,971,836
Effect of dilutive potential ordinary shares:		
Share options	27,204,965	22,696,062
Weighted average number of ordinary shares for the purpose of diluted earnings per share	5,789,951,428	5,784,667,898

Those share options granted by Morning Star, a wholly owned subsidiary of the Company, have no impact on the computation of diluted earnings per share for both the years ended 31 December 2018 and 2017, where Morning Star's share options are anti-dilutive.

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15. PROPERTY, PLANT AND EQUIPMENT

	Hotel buildings RMB'000	Leasehold land and buildings RMB'000	Renovations and leasehold improvements RMB'000	Furniture, fixtures and equipment RMB'000	Transportation equipment RMB'000	Construction in progress RMB'000	Total RMB'000
COST							
At 1 January 2017	1,021,740	465,168	176,726	286,639	294,139	284,277	2,528,689
Transfer upon completion	40,006	19,818	–	61,433	–	(121,257)	–
Additions	–	21,157	37,564	6,272	315,107	346,349	726,449
Acquisition of subsidiaries (note 45)	–	–	581	67,925	5,584	–	74,090
Disposal of subsidiaries (note 46 (a) and (c))	–	(49,606)	(9,057)	(26,005)	(13,151)	(28,440)	(126,259)
Disposals	–	(10,669)	(1,141)	(9,539)	(2,982)	–	(24,331)
At 31 December 2017	1,061,746	445,868	204,673	386,725	598,697	480,929	3,178,638
Transfer upon completion	–	39,609	–	44,980	–	(84,589)	–
Additions	–	20,603	46,541	85,090	70,140	131,973	354,347
Acquisition of subsidiaries (note 45)	–	100,020	–	2,590	1,430	193,760	297,800
Transfer to investment properties	–	(19,441)	–	–	–	–	(19,441)
Disposal of subsidiaries (note 46 (a) and (c))	(82,542)	(255,174)	–	(7,214)	(5,414)	(103,270)	(453,614)
Disposals	–	(50,121)	(5,174)	(10,737)	(2,742)	–	(68,774)
At 31 December 2018	979,204	281,364	246,040	501,434	662,111	618,803	3,288,956
DEPRECIATION							
At 1 January 2017	84,593	104,607	74,551	108,458	78,208	–	450,417
Provided for the year	34,876	53,629	38,606	32,906	16,889	–	176,906
Eliminated on disposal of subsidiaries (note 46 (a) and (c))	–	(32,905)	(1,041)	(8,082)	(2,870)	–	(44,898)
Eliminated on disposals	–	(3,098)	(99)	(9,500)	(2,174)	–	(14,871)
At 31 December 2017	119,469	122,233	112,017	123,782	90,053	–	567,554
Provided for the year	33,134	34,681	46,300	74,105	49,753	–	237,973
Transfer to investment properties	–	(1,031)	–	–	–	–	(1,031)
Eliminated on disposal of subsidiaries (note 46 (a) and (c))	(7,840)	(41,780)	–	(6,916)	(4,399)	–	(60,935)
Eliminated on disposals	–	(39,884)	(3,756)	(5,370)	(2,401)	–	(51,411)
At 31 December 2018	144,763	74,219	154,561	185,601	133,006	–	692,150
CARRYING AMOUNTS							
At 31 December 2018	834,441	207,145	91,479	315,833	529,105	618,803	2,596,806
At 31 December 2017	942,277	323,635	92,656	262,943	508,644	480,929	2,611,084

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15. PROPERTY, PLANT AND EQUIPMENT (continued)

The following useful lives are used in the calculation of depreciation:

Hotel buildings	Over the shorter of the term of lease or 20 years
Leasehold land and buildings	Over the shorter of the term of lease or 50 years
Renovations and leasehold improvements	5 to 10 years
Furniture, fixtures and equipment	5 years
Transportation equipment	5 to 15 years

The leasehold land and buildings and hotel buildings are all situated on land in the PRC and the USA.

As at 31 December 2018, certain of the Group's leasehold land and buildings and hotel buildings with carrying amounts of RMB132,278,000 (2017: RMB295,167,000) were pledged to banks to secure the banking facilities granted to the Group.

As at 31 December 2018, transportation equipment amounting to RMB507,268,000 (2017: RMB490,021,000) are held under finance leases.

16. INVESTMENT PROPERTIES

	Completed investment properties RMB'000	Investment properties under construction RMB'000	Total RMB'000
At 1 January 2017	5,316,563	1,665,276	6,981,839
Additions	920,707	821,084	1,741,791
Transfer from completed properties for sale	413,567	–	413,567
Transfer from prepaid lease payments	–	76,477	76,477
Transfer from premium on prepaid lease payments	–	84,355	84,355
Acquisition of subsidiaries (note 45(a))	–	800,992	800,992
Net change in fair value recognised in profit or loss	591,054	375,130	966,184
Transfer upon completion of construction work	2,333,489	(2,333,489)	–
Disposal of subsidiaries (note 46(a))	(3,593)	–	(3,593)
Disposals	(867,448)	–	(867,448)
At 31 December 2017	8,704,339	1,489,825	10,194,164
Additions	–	259,236	259,236
Transfer from completed properties for sale	333,862	–	333,862
Transfer from property, plant and equipment (note 15)	18,410	–	18,410
Transfer from prepaid lease payments	6,412	–	6,412
Acquisition of subsidiaries (note 45(a))	–	109,981	109,981
Net change in fair value recognised in profit or loss	5,273	131,529	136,802
Transfer upon completion of construction work	271,373	(271,373)	–
Disposals	(542,890)	–	(542,890)
At 31 December 2018	8,796,779	1,719,198	10,515,977
Unrealised gain on property revaluation included in profit or loss for the year ended 31 December 2018 (note)	5,273	131,529	136,802
Unrealised gain on property revaluation included in profit or loss for the year ended 31 December 2017 (note)	570,240	375,130	945,370

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16. INVESTMENT PROPERTIES (continued)

Note: Unrealised gain on property revaluation included change in fair value of investment properties and change in fair value of completed properties for sale upon transfer to investment properties which have been presented on the face of the consolidated statement of profit or loss and other comprehensive income.

As at 31 December 2018, the fair value of the Group's completed investment properties of RMB8,796,779,000 (2017: RMB8,704,339,000) and investment properties under development of RMB1,719,198,000 (2017: RMB1,489,825,000) were arrived at on the basis of a valuation carried out by Jones Lang LaSalle Sallmanns Limited, an independent qualified professional valuers which are not connected with the Group, which has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

As at 31 December 2018, investment properties with fair value of RMB567,653,000 (2017: RMB551,978,000) represented completed car parks which can be legally transferred, leased and mortgaged but the title certificates cannot be currently applied according to the relevant laws and regulations in the PRC.

As at 31 December 2018, certain of the Group's investment properties with an aggregate fair value of RMB2,484,166,000 (2017: RMB2,150,253,000) were pledged to banks to secure the banking facilities granted to the Group.

The valuations of completed investment properties as at 31 December 2018 and 2017 are determined by income capitalisation method and direct comparison method. Income capitalisation method is arrived at by reference to net rental income allowing for reversionary income potential and market evidence of transaction prices for similar properties in the same locations and conditions, where appropriate. The valuations of investment properties under construction as at 31 December 2018 and 2017 are arrived at by residual method and direct comparison method, which is based on market observable transactions of similar properties and taken into account the construction costs that will be expended to complete the development. Direct comparison approach is arrived at by reference to comparable market transactions and suppose that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowance for variable factors. In estimating the fair value of the properties, highest and best use of the properties is their current use.

All of the Group's property interests held under operating leases to earn rentals are classified and accounted for as investment properties and are measured using the fair value model.

The following table gives information about how the fair values of these investment properties as at 31 December 2018 and 2017 are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

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16. INVESTMENT PROPERTIES (continued)

Investment properties held by the Group	Fair value as at 31 December 2018 RMB'000	Location	Fair value hierarchy	Valuation techniques and key inputs	Significant observable/ unobservable inputs	Range	Sensitivity
Completed investment properties	8,322,056	Shenzhen, Tianjin, Chengdu, Nanjing, Dongguan, Guilin,Wuhan, Suzhou, Shanghai, Huizhou	Level 3	Income capitalisation method – income capitalisation of the net income and made provisions for reversionary income potential.	1. Term yield	3% – 6%	A slight increase in term yield would not result in significant decrease in fair value, and vice versa.
					2. Reversionary yield	2.3% – 6.5%	A slight increase in reversionary yield would not result in significant decrease in fair value, and vice versa.
					3. Vacancy ratio	0% – 20%	A slight increase in vacancy ratio would not result in significant decrease in fair value, and vice versa.
Completed investment properties	474,723	Shenzhen, Huizhou, Wuhan, Dongguan, Tianjin, Shanghai	Level 3	Direct comparison method – based on market observable transactions of similar properties and adjusted to reflect the conditions of the subject property.	1. Market unit sales price (RMB/sqm)	3,150 – 15,900	A significant increase/ decrease in market unit sales price would result in significant increase/ decrease in fair value.
					2. Adjustment made to account for differences in location	3% – 10%	A significant increase/ decrease in adjustment would result in significant decrease/ increase in fair value.
Investment properties under construction	1,149,698	Jiangsu, Hangzhou	Level 3	Residual method – based on gross development value and taken into account the construction costs to completion, developer's profit, marketing costs.	1. Gross development value (RMB'000) on completion basis	817,000 – 1,770,000	A significant increase/ decrease in gross development value would result in significant increase/ decrease in fair value.
					2. Developer's profit	12% – 14%	A significant increase in developer's profit would result in significant decrease in fair value, and vice versa.
					3. Marketing costs	3%	A slight increase in marketing costs would not result in significant decrease in fair value, and vice versa.
					4. Construction costs to completion (RMB'000)	52,000 – 938,000	A significant increase in construction costs to completion would result in significant decrease in fair value, and vice versa.
Investment properties under construction	569,500	Chengdu, Nanjing	Level 3	Direct comparison method – based on market observable transactions of similar lands and adjusted to reflect the conditions of the subject lands.	1. Market unit sales price (RMB/sqm)	2,300 – 2,700	A significant increase/ decrease in market unit sales price would result in significant increase/ decrease in fair value.
					2. Adjustment made to account for differences in location	3% – 10%	A significant increase/ decrease in adjustment would result in significant decrease/ increase in fair value.
	10,515,977						

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16. INVESTMENT PROPERTIES (continued)

Investment properties held by the Group	Fair value as at 31 December 2017 RMB'000	Location	Fair value hierarchy	Valuation techniques and key inputs	Significant observable/ unobservable inputs	Range	Sensitivity
Completed investment properties	7,989,358	Shenzhen, Tianjin, Chengdu, Nanjing, Dongguan, Guilin, Wuhan, Suzhou, Shanghai, Huizhou	Level 3	Income capitalisation method – income capitalisation of the net income and made provisions for reversionary income potential.	1. Term yield	3% – 6%	A slight increase in term yield would not result in significant decrease in fair value, and vice versa.
					2. Reversionary yield	2.3% – 6.5%	A slight increase in reversionary yield would not result in significant decrease in fair value, and vice versa.
					3. Vacancy ratio	0% – 20%	A slight increase in vacancy ratio would not result in significant decrease in fair value, and vice versa.
Completed investment properties	714,981	Shenzhen, Huizhou, Wuhan, Dongguan, Tianjin, Shanghai	Level 3	Direct comparison method – based on market observable transactions of similar properties and adjusted to reflect the conditions of the subject property.	1. Market unit sales price (RMB/sqm)	3,100 – 16,700	A significant increase/ decrease in market unit sales price would result in significant increase/ decrease in fair value.
					2. Adjustment made to account for differences in location	3% – 10%	A significant increase/ decrease in adjustment would result in significant decrease/ increase in fair value.
Investment properties under construction	721,324	Nanjing, Jiangsu	Level 3	Residual method – based on gross development value and taken into account the construction costs to completion, developer's profit, marketing costs.	1. Gross development value (RMB'000) on completion basis	80,400 – 839,000	A significant increase/ decrease in gross development value would result in significant increase/ decrease in fair value.
					2. Developer's profit	13% – 15%	A significant increase in developer's profit would result in significant decrease in fair value, and vice versa.
					3. Marketing costs	3%	A slight increase in marketing costs would not result in significant decrease in fair value, and vice versa.
					4. Construction costs to completion (RMB'000)	11,600 – 95,000	A significant increase in construction costs to completion would result in significant decrease in fair value, and vice versa.
Investment properties under construction	768,501	Chengdu	Level 3	Direct comparison method – based on market observable transactions of similar lands and adjusted to reflect the conditions of the subject lands.	1. Market unit sales price (RMB/sqm)	900 – 3,300	A significant increase/ decrease in market unit sales price would result in significant increase/ decrease in fair value.
					2. Adjustment made to account for differences in location	3% – 10%	A significant increase/ decrease in adjustment would result in significant decrease/ increase in fair value.
	10,194,164						

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16. INVESTMENT PROPERTIES (continued)

There were no transfers into or out of Level 3 during the year ended 31 December 2018.

17. INTERESTS IN ASSOCIATES

	2018 RMB'000	2017 RMB'000
Cost of investments, unlisted	1,306,450	1,167,204
Share of post-acquisition results, net of dividends received	40,136	7,704
	1,346,586	1,174,908

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

Name of entities	Place of incorporation/ establishment	Place of operation	Equity interest attributable to the Group		Proportion of voting power held by the Group		Principal activities
			2018	2017	2018	2017	
Wuhu Xinjia Investment Center (Limited Partnership) ("Wuhu Xinjia") 蕪湖信嘉投資中心 (有限合夥) (note a)	PRC	PRC	46%	46%	33%	33%	Investment management in the PRC
Suzhou Linjiayan Property Development Co., Ltd. ("Suzhou Linjiayan") 蘇州林甲岩房產發展 有限公司 (note b)	PRC	PRC	43%	43%	43%	43%	Property development in the PRC

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17. INTERESTS IN ASSOCIATES (continued)

Notes:

(a) The Group is a limited partner of Wuhu Xinjia. Pursuant to the partnership agreement, the Group has the right to cast one out of three votes of Wuhu Xinjia at the investment committee's meeting, the governing body which directs the relevant activities that significantly affect the returns of Wuhu Xinjia. The approval of relevant activities require two thirds of the total votes. Therefore, Wuhu Xinjia is accounted for as an associate of the Group.

(b) During the year ended 31 December 2017, the Group made additional capital contribution of RMB319,400,000 to Suzhou Linjiayan, which was accounted for as an AFS investment previously. Upon completion of the capital injection, the Group's shareholding in Suzhou Linjiayan increased from 5% to 43%. Pursuant to the amended shareholder's agreement, the Group has the right to cast 43% of the votes of Suzhou Linjiayan at the shareholder's meeting, the governing body which directs the relevant activities that significantly affect the returns of Suzhou Linjiayan. The approval of relevant activities require simple majority of shareholders. As the Group holds no more than 50% of the voting power in the shareholders' meeting, therefore, Suzhou Linjiayan is accounted for as an associate of the Group.

(c) During the year ended 31 December 2018, the Group acquired equity interests in certain associates at a total consideration of RMB144,246,000, including of which deposits of RMB42,220,000 was paid in prior year. The associate was engaged in property operation services or act as investment holding in the PRC.

(d) During the year ended 31 December 2018, the Group has disposed of its interests in an associate at a consideration of RMB5,000,000, with insignificant gain recognised in the consolidated statement of profit or loss and other comprehensive income.

Summarised financial information in respect of the Group's principal associates are set out below. The summarised financial information below represented amounts shown in the associates' financial statements prepared in accordance with HKFRSs.

The associates are accounted for using equity method in these consolidated financial statements.

Wuhu Xinjia

	2018 RMB'000	**2017 RMB'000**
Current assets	1,459,470	1,050,732
Non-current assets	237,130	624,355
Current liabilities	–	(1,904)
Profit and other comprehensive income for the year	23,260	884

Reconciliation of the above summarised financial information to the carrying amount of the interest in Wuhu Xinjia recognised in the consolidated financial statements:

	2018 RMB'000	**2017 RMB'000**
Net assets of Wuhu Xinjia	1,696,600	1,673,183
Less: Non-controlling interests of Wuhu Xinjia's subsidiary	(5,587)	(5,431)
	1,691,013	1,667,752
Proportion of the Group's ownership interest in Wuhu Xinjia	46%	46%
	777,866	767,166
Less: Unrealised gain on disposal of a previous subsidiary of the Group to Wuhu Xinjia	(109,320)	(109,320)
Carrying amount of the Group's interest	668,546	657,846

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17. INTERESTS IN ASSOCIATES (continued)

Suzhou Linjiayan

	2018 RMB'000	2017 RMB'000
Current assets	927,222	666,583
Non-current assets	787,008	583,389
Current liabilities	(867,224)	(395,734)
(Loss) profit and other comprehensive (expense) income for the year	(7,231)	8,334

Reconciliation of the above summarised financial information to the carrying amount of the interest in Suzhou Linjiayan recognised in the consolidated financial statements:

	2018 RMB'000	2017 RMB'000
Net assets of Suzhou Linjiayan	847,006	854,238
Proportion of the Group's ownership interest	43%	43%
Carrying amount of the Group's interest	364,213	367,322

Aggregate information of associates that are not individually material:

	2018 RMB'000	2017 RMB'000
The Group's share of profit and other comprehensive income	27,289	4,852
Aggregate carrying amount of the Group's interests	313,827	149,740

18. INTERESTS IN JOINT VENTURES

	2018 RMB'000	2017 RMB'000
Cost of investments, unlisted	1,431,647	1,051,203
Share of post-acquisition results, net of dividends received	(4,689)	8,854
	1,426,958	1,060,057

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18. INTERESTS IN JOINT VENTURES (continued)

Details of the Group's principal joint ventures at the end of the reporting period are as follow:

Name of entities	Place of incorporation/ establishment	Place of operation	Equity interest attributable to the Group 2018	Equity interest attributable to the Group 2017	Proportion of voting power held by the Group 2018	Proportion of voting power held by the Group 2017	Principal activities
Beijing Yaxinke	PRC	PRC	35.69% (note 46(c))	N/A	35.69% (note 46(c))	N/A	Property development in the PRC
Fantasia Anchor Investment II LLC (San Jose) (note a)	USA	USA	99.9%	99.9%	50%	50%	Property development in the USA
Fantasia Anchor Investment III LLC (note a)	USA	USA	71.9%	71.9%	33.3%	33.3%	Property development in the USA
Chuangshi Jianian Fund ("Chuangshi Jianian") 創世嘉年基金 (note b)	PRC	PRC	–	38.8%	–	33.3%	Investment management in the PRC
Shenzhen Qianhai Jianian Dingsheng Investment Management Co., Ltd. ("Jianian Dingsheng") 深圳前海嘉年鼎盛投資管理有限公司 (note c)	PRC	PRC	(note c)	49%	(note c)	49%	Investment management in the PRC

Notes:

(a) These companies are accounted for as joint ventures as at respective period end date as in accordance with the memorandum and articles of the companies, major financial and operating policies of these companies require the unanimous consent of all directors.

(b) Chuangshi Jianian was established and acquired the 100% equity interest in Shenzhen Jiaxin Consultancy Service Co., Ltd. (深圳市嘉信諮詢服務有限公司) ("Shenzhen Jiaxin") in 2016. Upon the acquisition of Shenzhen Jiaxin, as described in note 45(b), the Group and the other investors of Chuangshi Jianian agreed to withdraw the investment and deregister Chuangshi Jianian. During the year ended 31 December 2018, the deregistration of Chuangshi Jianian was completed and RMB410,070,000 was returned to the Group.

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18. INTERESTS IN JOINT VENTURES (continued)

Notes: (continued)

(c) Jianian Dingsheng was established and held 100% equity interest in Sichuan Ximei Investment Co., Ltd. (四川西美投資有限公司) ("Sichuan Ximei"), which holds two parcels of land located in Sichuan and engage in property development. The approval of relevant activities require two-third of the voting power in the shareholders' meeting, therefore, Jianian Dingsheng and Sichuan Ximei is jointly controlled by the Group and the other 49% shareholder and accounted for as joint ventures.

During the year ended 31 December 2018, the Group revised the terms of the cooperation with the other shareholder and mad additional capital injection to Jianian Dingsheng amounting to RMB15,893,000. Pursuant to the revised memorandum and articles, the approval of relevant activities require simple majority of the voting power in the shareholders' meeting. Upon completion of the equity transaction and revision of terms of cooperation, the Group hold 51% equity interests and voting rights in Jianian Dingsheng. Jianian Dingsheng and Sichuan Ximei are reclassified from joint venture to subsidiary of the Company. Details are set out in note 45(a).

(d) During the year ended 31 December 2018, the Group made total capital contributions of RMB73,762,000 to establish certain joint ventures with a number of joint venture partners. The joint ventures mainly act as investment holding companies.

Summarised financial information in respect of the Group's principal joint venture are set out below. The summarised financial information below represented amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs.

The joint ventures are accounted for using equity method in these consolidated financial statements.

Beijing Yaxinke

	2018 RMB'000	2017 RMB'000
Current assets	3,488,611	N/A
Current liabilities	(1,466,611)	N/A

Reconciliation of the above summarised financial information to the carrying amount of the interest in Beijing Yaxinke recognised in the consolidated financial statements:

	2018 RMB'000	2017 RMB'000
Net assets of Beijing Yaxinke	2,022,000	N/A
Proportion of the Group's ownership interest	35.69%	N/A
Carrying amount of the Group's interest	721,652	N/A

Aggregate information of joint ventures that are not individually material:

	2018 RMB'000	2017 RMB'000
The Group's share of (loss) profit and other comprehensive (expense) income	(11,140)	167,670
Aggregate carrying amount of the Group's interests	705,306	1,060,057

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19. EQUITY INSTRUMENTS DESIGNATED AT FVTOCI/AFS INVESTMENTS

	NOTES	2018 RMB'000	2017 RMB'000
Unlisted equity investments			
– Property operation services	(a)	45,167	13,457
– Jiaxing Fangyan	(b)	–	100,000
– Others		6,384	4,206
		51,551	117,663

Notes:

(a) These unlisted equity securities represented the investments in certain private entities, which represented the equity interests ranging from 1% to 20% in the investees as at 31 December 2018 and 2017. The investees are mainly engaged in property operation services. Details of the fair value measurement of the investments are set out in note 49(c).

(b) In 2017, the Group and an independent investor made capital contributions of RMB100,000,000 and RMB1,000,000,000, respectively to Jiaxing Fangyan Investment Partnership (Limited Partnership) (嘉興方宴投資合夥企業(有限合夥)) ("Jiaxing Fangyan") which then acquired from an independent third party a defaulted loan receivable from a property developer in the PRC ("Debt Instrument"), at a cash consideration of RMB1,100,000,000. The Group's investment in Jiaxing Fangyan was accounted for as AFS investment. Pursuant to the supplemental partnership agreement entered into between the Group and the independent investor in August 2018, the return on capial injected by the other partner amounting to RMB1,000,000,000 were fixed to be 14% per annum and the independent investor would not vote against the Group in the investment committee of Jiaxing Fangyan, unless Jiaxing Fangyan defaults in settlement of the fixed return and capital to the independent investor in accordance with the repayment schedule and the independent investor is no longer entitled to the beneficial interest in Jiaxing Fangyan other than the 14% fixed return. The capital by the other partner is due for repayment by the Group in 2020 while the fixed return of 14% is payable annually and to be ended at the same time when the capital is being repaid. Therefore, the Group has obtained 100% beneficial interests in Jiaxing Fangyan and Jiaxing Fangyan was accounted for as a subsidiary of the Company. Details are set out in note 45(a).

The directors of the Company have elected to designated the unlisted equity investments as AFS investments at 31 December 2017 and classified these investments as equity investments measured at FVTOCI upon the adoption of HKFRS 9 as the investments are not held for trading and not expected to be sold in the foreseeable future.

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20. FINANCIAL ASSETS AT FVTPL

	NOTES	2018 RMB'000	2017 RMB'000
Money market fund investments	(a)	89,196	234,460
Debt Instrument	(b)	2,038,000	–
		2,127,196	234,460

Notes:

(a) The money market fund investments were issued by a reputable securities corporation. The return and principal of money market fund investments were not guaranteed by the securities corporation. The investments as above have been measured at FVTPL at initial recognition as the investments are managed and the performance is evaluated on fair value basis.

(b) As detailed in note 19, Jiaxing Fangyan which holds the Debt Instrument becomes a wholly-owned subsidiary of the Company in 2018. The Debt Instrument was defaulted by a property developer in 2015 and it is pledged with certain completed properties located in Beijing, the PRC. The Debt Instrument can be recovered through the realisation of the properties under pledge in judicial auction, which is expected to be completed in 2019. According to the valuation report prepared by an independent professional valuer, the fair value of the Debt Instrument is RMB2,038,000,000 as at 31 December 2018.

The fair value of the money market fund investments at 31 December 2018 and 2017 are determined by market approach, which arrived at by reference to the performance of the underlying investments mainly comprising debt investments in PRC including government debentures, treasury notes, corporate bonds and short-term fixed deposits.

As at 31 December 2018, the principal of the money market fund investments are RMB89,196,000 (2017: RMB234,460,000). In the opinion of directors, the fair value of investment at 31 December 2018 approximated to their principal amount and the fair value gain of the money market fund investments amounting to RMB1,273,000 (2017: RMB4,457,000) was recognised in other gain and losses during the year ended 31 December 2018.

The fair value of the Debt Instrument at 31 December 2018 is determined by management, with reference to a valuation report prepared by professional valuer, to be RMB2,038,000,000 and the fair value gain of the Debt Instrument amounting to RMB938,000,000 was recognised in other gain and losses during the year ended 31 December 2018. The fair value of the Debt Instrument is determined based on the probability weighted expected return model, which involved estimation of cash flows that can be recovered from the Debt Instrument under different scenarios of the outcomes of the judicial auction. The valuations of the Debt Instrument are dependent on certain unobservable inputs, including the expected value, discount rate and probability of outcome of the judicial auction. Details of the fair value measurement of the investments are set out in note 49(c).

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21. GOODWILL

	RMB'000
COST	
At 1 January 2017	944,266
Arising on acquisition of businesses (note 45(b))	1,478,064
Disposal of subsidiaries (note 46(a) and (c))	(40,998)
At 31 December 2017	2,381,332
Arising on acquisition of businesses (note 45(b))	46,796
Disposal of subsidiaries (note 46(a))	(6,831)
At 31 December 2018	2,421,297
IMPAIRMENT	
At 1 January 2017	31,516
Impairment loss recognised for the year	50,058
At 31 December 2017 and 2018	81,574
CARRYING VALUES	
At 31 December 2018	2,339,723
At 31 December 2017	2,299,758

For the purpose of impairment testing, goodwill above has been allocated to two groups of cash-generating units, comprising a group of subsidiaries in property operation services collectively as the property operation cash-generating units and a group subsidiaries in travel agency services collectively as the travel agency cash-generating units. The carrying amounts of goodwill (net of accumulated impairment losses) as at 31 December 2018 and 2017 allocated to these cash-generating units are as follow:

	2018 RMB'000	2017 RMB'000
Property Operation CGU	2,260,534	2,220,569
Travel Agency CGU	79,189	79,189
	2,339,723	2,299,758

During the year ended 31 December 2017, in the opinion of the directors of the Company, the performance of Travel Agency CGU was declined due to the vigorous market competition. The carrying amount of the assets (including goodwill allocated to Travel Agency CGU) of the Travel Agency CGU is determined to be higher than the recoverable amount at 31 December 2017. Therefore, the Group recognised an impairment loss of RMB50,058,000 in relation to goodwill allocated to Travel Agency CGU.

The recoverable amounts of Property Operation CGU and Travel Agency CGU have been determined based on a value in use calculation. The calculation uses cash flow projection based on financial budgets approved by the management covering a five-year period and at discount rates which ranges from 14% – 20% per annum as at 31 December 2017 and 2018. The cash flows beyond the five-year period are extrapolated using zero growth rate.

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21. GOODWILL (continued)

Cash flow projections during the budget period for Property Operation CGU and Travel Agency CGU are based on the management's key estimation of cash inflows/outflows including revenue, gross profit, operating expenses and working capital requirements. The assumptions and estimation are based on the past performance and management's expectation of market development. The management of the Group believes that any reasonably possible change in the key estimation of the value in use calculation would not cause the carrying amount to exceed its recoverable amount.

22. INTANGIBLE ASSETS

	Property management contracts and customers' relationship RMB'000	Trademark RMB'000	Total RMB'000
COST			
At 1 January 2017	250,826	52,441	303,267
Arising on acquisition of subsidiaries (note 45(b))	1,092,852	–	1,092,852
At 31 December 2017	1,343,678	52,441	1,396,119
Arising on acquisition of subsidiaries (note 45(b))	8,920	–	8,920
At 31 December 2018	1,352,598	52,441	1,405,039
AMORTISATION			
At 1 January 2017	40,522	3,497	44,019
Provided for the year	28,702	3,497	32,199
At 31 December 2017	69,224	6,994	76,218
Provided for the year	136,428	3,497	139,925
At 31 December 2018	205,652	10,491	216,143
CARRYING AMOUNT			
At 31 December 2018	1,146,946	41,950	1,188,896
At 31 December 2017	1,274,454	45,447	1,319,901

The property management contracts, customers' relationship and trade mark were acquired from third parties through the acquisition of subsidiaries.

The intangible assets have finite useful lives and are amortised on a straight line basis over 60 months to 120 months.

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23. PREPAID LEASE PAYMENTS

	2018 RMB'000	2017 RMB'000
Non-current assets	206,743	754,720
Current assets	6,750	18,228
	213,493	772,948

During the year ended 31 December 2018, prepaid lease payments of RMB516,859,000 (2017: RMB858,993,000) was transferred to properties under development for sale; prepaid lease payments of RMB6,412,000 (2017: RMB76,477,000) was transferred to investment properties under construction upon commencement of the related construction work in certain property development projects.

During the year ended 31 December 2018, prepaid lease payments of RMB19,234,000 (2017: nil) were acquired through acquisition of subsidiaries and prepaid lease payments of RMB41,044,000 (2017: nil) were disposed through disposal of subsidiaries, details are set out in note 45(a) and 46(c), respectively.

24. PREMIUM ON PREPAID LEASE PAYMENTS

Premium on prepaid lease payments of the Group represent the excess of the fair value over the carrying amount of the prepaid lease payments and amounting to RMB78,966,000 (2017: RMB1,288,225,000) in respect of leasehold lands in the PRC acquired through acquisition of subsidiaries during the year and are amortised over the period of the remaining lease term on a straight-line basis.

	RMB'000
COST	
At 1 January 2017	1,644,203
Transfer to properties under development for sale	(231,574)
Transfer to investment properties under construction (note 16)	(86,951)
At 31 December 2017	1,325,678
Disposal of subsidiaries (note 46(c))	(1,231,740)
At 31 December 2018	93,938
AMORTISATION	
At 1 January 2017	22,973
Amortised for the year	23,990
Eliminated on transfer to properties under development for sale	(6,914)
Eliminated on transfer to investment properties under construction (note 16)	(2,596)
At 31 December 2017	37,453
Amortised for the year	13,671
Eliminated on disposal of subsidiaries (note 46(c))	(36,152)
At 31 December 2018	14,972
CARRYING AMOUNTS	
At 31 December 2018	78,966
At 31 December 2017	1,288,225

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24. PREMIUM ON PREPAID LEASE PAYMENTS (continued)

During the year ended 31 December 2017, premium on prepaid lease payments of RMB224,660,000 was transferred to properties under development for sale and premium on prepaid lease payments of RMB84,355,000 was transferred to investment properties under construction upon commencement of the related construction work in certain property development projects.

Analysed for reporting purposes as:

	2018 RMB'000	2017 RMB'000
Non-current assets	76,418	1,268,992
Current assets	2,548	19,233
	78,966	1,288,225

25. AMOUNTS DUE FROM NON-CONTROLLING SHAREHOLDERS OF THE SUBSIDIARIES OF THE COMPANY, JOINT VENTURES AND ASSOCIATES

The amounts due from non-controlling shareholders of the subsidiaries of the Company, joint ventures and associates are non-trade in nature, unsecured, interest-free and repayable on demand.

The subsidiaries, joint ventures and associates are mainly engaged in property development, property management and property leasing business, the Group determined the current or non-current portion based on the expected date of recovery of the advances, which is by reference to the status of the property projects and the financial position of the subsidiaries, joint ventures and associates.

26. DEPOSITS PAID FOR POTENTIAL ACQUISITION OF SUBSIDIARIES

As at 31 December 2018, the Group had made deposits of RMB124,593,000 (2017: RMB746,813,000) in relation to the acquisition of a number of companies which are principally engaged in property development in the PRC from independent third parties.

As at 31 December 2018, the Group had made deposits of RMB69,834,000 (2017: RMB52,793,000) in relation to the acquisition of a number of companies which are principally engaged in property operation in the PRC from independent third parties.

Pursuant to the sale and purchase agreements, in case the aforesaid acquisition is not completed, the deposit would be fully refunded to the Group by the vendors.

At the date these consolidated financial statements are authorised for issuance, the acquisition of these subsidiaries have not been completed.

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27. DEPOSIT PAID FOR ACQUISITION OF A PROPERTY PROJECT

As at 31 December 2018, the Group had made deposit of RMB202,961,000 (2017: RMB159,214,000) in relation to the acquisition of a property project from an independent property developer.

The aforesaid deposit related to acquisition of a property for the operation of elderly care business and is therefore classified as non-current assets. At the date these consolidated financial statements are authorised for issuance, the acquisition of this project has not been completed.

28. DEPOSITS PAID FOR ACQUISITION OF LAND USE RIGHTS

As at 31 December 2018, the Group had made deposits of RMB228,703,000 (2017: RMB118,103,000) in relation to acquisition of land use rights from independent third parties. At the date these consolidated financial statements are authorised for issuance, the acquisition of land use rights have not been completed.

29. DEFERRED TAXATION

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

	2018 **RMB'000**	**2017** **RMB'000**
Deferred tax assets	(565,707)	(461,990)
Deferred tax liabilities	1,734,943	1,754,528
	1,169,236	1,292,538

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29. DEFERRED TAXATION (continued)

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior years:

	Fair value change of investment properties and financial assets at FVTPL RMB'000	Revaluation of properties and other assets RMB'000	Temporary differences on deductible expenses RMB'000 (note a)	Tax losses RMB'000	Intangible assets RMB'000	Others RMB'000 (note b)	Total RMB'000
At 1 January 2017	1,112,839	262,853	(57,484)	(149,639)	60,354	(458,871)	770,052
Charge (credit) to profit and loss	291,610	(6,257)	(10,342)	(1,899)	(8,050)	(16,399)	248,663
Credit to other comprehensive income	–	–	–	–	–	(2,009)	(2,009)
Acquisition of subsidiaries (note 45(b))	–	–	(1,893)	–	273,056	–	271,163
Disposal of subsidiaries (note 46(a) and (c))	(546)	–	–	–	–	5,215	4,669
At 31 December 2017	1,403,903	256,596	(69,719)	(151,538)	325,360	(472,064)	1,292,538
Effect arising from initial application of HKFRS 9 and 15	–	–	24,120	–	–	(23,208)	912
At 1 January 2018	1,403,903	256,596	(45,599)	(151,538)	325,360	(495,272)	1,293,450
Charge (credit) to profit and loss	280,997	2,781	32,325	(1,013)	(34,981)	(107,596)	172,513
Credit to other comprehensive income	–	–	–	–	–	(60)	(60)
Acquisition of subsidiaries (note 45(b))	–	–	–	–	2,230	–	2,230
Disposal of subsidiaries (note 46(c))	–	(298,897)	–	–	–	–	(298,897)
At 31 December 2018	1,684,900	(39,520)	(13,274)	(152,551)	292,609	(602,928)	1,169,236

Notes:

(a) Temporary differences on deductible expenses mainly represent advertising expenses, ECL allowance and incremental sales commission, which would be deductible in the future.

(b) Others mainly represent the temporary differences arising from LAT provision and financing component in respect of contract liabilities.

As at 31 December 2018, the Group had unutilised tax losses of RMB2,999,780,000 (2017: RMB3,208,092,000). A deferred tax asset has been recognised in respect of RMB610,204,000 (2017: RMB606,152,000) of such tax losses. No deferred tax asset has been recognised in respect of the remaining tax losses of RMB2,389,576,000 (2017: RMB2,601,940,000) due to the unpredictability of future profits streams.

As at 31 December 2018, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries, for which deferred tax liabilities have not been recognised, was RMB15,883,154,000 (2017: RMB13,076,314,000). No deferred tax liability has been recognised in respect of these temporary differences because the Group is in a position to control the timing of the reversal of the temporary difference and it is probable that such differences will not reverse in the foreseeable future.

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30. PROPERTIES FOR SALE

	2018 RMB'000	2017 RMB'000
Completed properties for sale	8,451,136	4,709,787
Properties under development for sale	26,431,268	19,068,179
	34,882,404	23,777,966

As at 31 December 2018, certain of the Group's properties for sale with a carrying amount of RMB6,374,242,000 (2017: RMB2,139,194,000) were pledged to secure certain banking facilities granted to the Group.

During the year ended 31 December 2018, completed properties for sale with an aggregate carrying amount of RMB251,453,000 (2017: RMB294,978,000) were transferred to investment properties upon change in use as evidenced by the commencement of operating leases. The excess of the fair value of these properties at the date of transfer over their carrying amounts, amounting to RMB82,409,000 (2017: RMB118,589,000) were recognised in the consolidated statement of profit or loss and other comprehensive income for the year.

Included in the amount are properties under development for sale of RMB17,061,599,000 (2017: RMB11,334,150,000) in relation to property development projects that are expected to complete after one year from the end of the reporting period.

31. CONTRACT ASSETS

	31 December 2018 RMB'000	1 January 2018 RMB'000 (note)
Unbilled revenue of		
– construction of properties	380,447	69,834
– engineering services	81,698	64,562
Retention receivables	243	679
	462,388	135,075
Less: allowance for impairment losses	(12,798)	(12,431)
	449,590	122,644

Note: The amounts in this column are after the adjustments from the application of HKFRS 9 and 15.

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditional upon the satisfaction by the customers on the construction work completed and/or engineering services rendered by the Group. The amounts are transferred out of contract assets to trade receivables when the rights become unconditional.

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31. CONTRACT ASSETS (continued)

Movements of allowance for impairment losses

	2018 RMB'000
Balance at 1 January upon application of HKFRS 9 and 15	12,431
Impairment loss recognised	367
Balance at 31 December	12,798

Details of the impairment assessment are set out in note 49(b).

32. CONTRACT COSTS

	2018 RMB'000
Incremental costs to obtain contracts	201,414

Contract costs capitalised as at 31 December 2018 relate to the incremental sales commissions paid to intermediaries/employees whose selling activities resulted in customers entering into sale and purchase agreements for the Group's properties which are still under construction at the reporting date. Contract costs are recognised as part of cost of sales in the consolidated statement of profit or loss in the period in which revenue from the related property sales is recognised. The amount of capitalised costs recognised in profit or loss during the year was RMB90,414,000. There was no impairment in relation to the opening balance and the year end balance of capitalised costs.

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33. TRADE AND OTHER RECEIVABLES

	NOTES	2018 RMB'000	2017 RMB'000
Trade receivables			
– goods and services	(a)/(b)	1,915,161	2,026,537
– leasing	(b)	41,966	33,884
– retention receivables and unbilled revenue		–	21,548
Other receivables	(c)	889,364	495,612
Loan receivables	(d)	247,211	88,302
Prepayments and other deposits		1,446,854	271,564
Prepayments to suppliers		229,926	228,826
Prepayments for construction work		641,626	596,232
Consideration receivables on disposal of partial interests in subsidiaries resulting in loss of control		32,000	9,000
Amount due from Pixian Government	(e)	122,830	122,830
Other tax prepayments	(f)	529,788	402,693
		6,096,726	4,297,028
Less: Amounts shown under non-current assets		(158,698)	(167,624)
Amounts shown under current assets		5,938,028	4,129,404

Notes:

(a) As at 31 December 2018 and 1 January 2018, trade receivables from contracts with customers amounted to RMB1,915,161,000 and RMB2,026,537,000, respectively.

As at 31 December 2017, included in trade receivables are retention receivables of RMB679,000 and unbilled revenue of RMB20,869,000. Upon application of HKFRS 15, the retention receivables and unbilled revenue were reclassified to contract assets.

Consideration in respect of properties sold is paid in accordance with the terms of the related sales and purchase agreements, normally within 90 days from the date of agreement.

Property operation service fee is received in accordance with the terms of the relevant service agreements, normally within 30 days to 1 year after the issuance of demand note. Each customer from property operation services has a designated credit limit.

Hotel operation and travel agency service income are mainly in form of settlement in cash and credit cards.

Rental income from investment properties is received in accordance with the terms of the relevant lease agreements, normally within 30 days from the issuance of invoices.

Consideration in respect of fuel pumps sold is paid in accordance with the terms of the related sales and purchase agreements, normally within 90 days from the date of delivery of fuel pumps. Each customer from sales of fuel pumps has a designated credit limit.

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33. TRADE AND OTHER RECEIVABLES (continued)

Notes: (continued)

(b) The following is an aged analysis of trade receivables of the Group net of allowance for impairment losses presented based on the date of delivery of the properties to the customers for property sale or the invoice date or date of demand note for rendering of services at the end of the reporting period:

	2018 RMB'000	**2017 RMB'000**
0 to 30 days	996,756	989,820
31 to 90 days	506,815	639,412
91 to 180 days	280,436	212,806
181 to 365 days	84,682	141,949
Over 1 year	88,438	97,982
	1,957,127	2,081,969

As at 31 December 2018, trade receivables mainly represented receivables amounting to RMB880,046,000 (2017: RMB1,007,710,000) from sales of properties, RMB801,033,000 (2017: RMB746,823,000) from property operation services, RMB41,966,000 (2017: RMB33,884,000) from leasing and RMB234,082,000 (2017: RMB272,004,000) from other segments.

As at 31 December 2018, the trade receivables included the receivables from the property sales of RMB563,972,000 (2017: RMB682,683,000) whereby the banks have agreed to provide mortgage facilities to the property purchasers and the banks are in the process of releasing the funds to the Group.

As at 31 December 2018, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB733,584,000 which are past due as at the reporting date. Out of the past due balances, RMB453,556,000 has been past due 90 days or more and is not considered as in default, as the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

As at 31 December 2017, included in the Group's trade receivable balance were debtors with aggregate carrying amount of RMB607,766,000 which were past due for which the Group had not provided impairment loss as there had not been a significant change in credit quality and amounts were still considered recoverable based on historical experience. The Group does not hold any collateral over these balances.

Aging of past due but not impaired

	2018 RMB'000	**2017 RMB'000**
0 to 90 days	280,028	155,029
91 to 180 days	280,436	212,806
181 to 365 days	84,682	141,949
Over 1 year	88,438	97,982
	733,584	607,766

Movement in the allowance for impairment losses

	RMB'000
Balance at 1 January 2017	77,664
Amounts written off	(2,223)
Impairment losses, net of reversal	30,049
Balance at 31 December 2017	105,490

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33. TRADE AND OTHER RECEIVABLES (continued)

Notes: (continued)

(b) (continued)

Movement in the allowance for impairment losses

	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit impaired) RMB'000	Total RMB'000
Balance at 31 December 2017 under HKAS 39	–	105,490	105,490
Reclassification	–	(9,448)	(9,448)
Remeasurement	2,347	2,263	4,610
Balance at 1 January 2018 under HKFRS 9	2,347	98,305	100,652
Impairment loss recognised	13,514	27,602	41,116
Transfer to credit-impaired	(7,319)	7,319	–
Amounts written off	–	(78,893)	(78,893)
Balance at 31 December 2018	8,542	54,333	62,875

(c) The balance mainly includes the payment on behalf of residents for the utilities and sundry charges of property operation services segment.

Movement in the allowance for impairment losses

	RMB'000
Balance at 1 January 2017	54,708
Amounts written off	(3,209)
Impairment losses, net of reversal	31,963
Balance at 31 December 2017	83,462

Movement in the allowance for impairment losses

	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit impaired) RMB'000	Total RMB'000
Balance at 31 December 2017 under HKAS 39	–	83,462	83,462
Remeasurement	5,878	1,049	6,927
Balance at 1 January 2018 under HKFRS 9	5,878	84,511	90,389
Impairment losses, net of reversal	5,027	35,914	40,941
Transfer to credit-impaired	(599)	599	–
Amounts written off	–	(8,419)	(8,419)
Balance at 31 December 2018	10,306	112,605	122,911

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33. TRADE AND OTHER RECEIVABLES (continued)

Notes: (continued)

(d) The loan receivables are as follows:

	NOTES	2018 RMB'000	2017 RMB'000
Fixed-rate loans provided to			
– online platform and community-related service companies	(i)	221,944	84,344
– property management companies	(ii)	25,267	–
– others		–	3,958
		247,211	88,302

(i) As at 31 December 2018, the Group has entered into loan agreements with certain independent third parties, which are engaged in provision of online platform and community-related services, for providing loans of RMB221,944,000 (2017: RMB84,344,000). The loans carry interests ranging from 6.0% to 15.0% per annum and will mature from March 2019 to January 2020. Included in the loan receivables, amounts of RMB32,500,000 (2017: RMB32,500,000) are pledged by equity interests in the borrowers and amounts of RMB24,000,000 (2017: RMB30,000,000) are pledged by the properties and land use rights held by the independent third parties. At 31 December 2018, the amounts of RMB194,431,000 (2017: RMB39,550,000) are due in one year and are classified as current assets and the amounts of RMB27,513,000 (2017: RMB44,794,000) are due after one year and are classified as non-current assets.

(ii) During the year ended 31 December 2018, the Group has entered into loan agreements with certain independent third parties, which are engaged in provision of property management services, for providing loans of RMB25,267,000 which are unsecured and unguaranteed. The loans carry interests at 15.0% per annum and will mature from September 2019 to June 2025. At 31 December 2018, the amounts of RMB16,912,000 are due in one year and are classified as current assets and the amounts of RMB8,355,000 are due after one year and are classified as non-current assets.

(e) The balance represented the amount due form the Pixian Government in relation to the land development project located in Chengdu, Sichuan Province. Pursuant to the agreement between the Group and Pixian Government, the Group is responsible for provision of funds to Pixian Government and management of the Land Development Project to Pixian Government while the Pixian Government is required to repay finance cost at benchmark lending rate of People's Bank of China, investment income at 12% per annum and project management fee at 3% per annum.

As at 31 December 2018, the outstanding principal amounting to RMB122,830,000 (2017: RMB122,830,000) is required to be settled upon disposal of land by Pixian Government which is expected to be over one year from the end of the reporting period and is classified under non-current assets.

(f) As at 31 December 2018, the balance mainly represented business tax and value-added tax amounting to RMB502,207,000 (2017: RMB378,921,000) in accordance with the relevant PRC tax rules in respect of its pre-sale of property development projects which has been prepaid and included in other tax prepayments.

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34. AMOUNTS DUE FROM/TO CUSTOMERS FOR CONTRACT WORKS

	2017 RMB'000
Contracts in progress at the end of the reporting period	
Contract costs incurred plus recognised profits less recognised losses	258,074
Less: Progress billing	(167,773)
	90,301
Represented by:	
Amounts due from contract customers within one year	104,079
Amounts due to contract customers within one year	(13,778)
	90,301

As at 1 January 2018, amounts due from/to customers for contract works in relation to installation contracts, which were previously accounted under HKAS 11, were reclassified to contract assets and contract liabilities, respectively, upon adoption of HKFRS 15.

35. RESTRICTED/PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

The restricted/pledged bank deposits amounting to RMB1,192,375,000 (2017: RMB1,256,351,000) will be released upon the buyers obtaining the individual property ownership certificate, while a total amount of RMB167,036,000 (2017: RMB473,025,000) are proceeded from presale of properties with the restriction of use for settlement of construction costs for relevant property projects. Term deposits amounting to RMB430,000,000 (2017: RMB377,176,000) and RMB558,457,000 (2017: nil) were pledged to banks to secure current and non-current banking facilities granted to the Group, respectively.

The Group's restricted/pledged bank deposits and bank balances carry variable interest rates ranging from 0.04% to 4.71% (2017: 0.27% to 3.70%) per annum and from 0.02% to 2.90% (2017: 0.01% to 2.75%) per annum, respectively.

As at 31 December 2018 and 2017, bank balances of the relevant group entities denominated in foreign currencies are as below:

	2018 RMB'000	2017 RMB'000
Hong Kong Dollars	1,170,454	22,387
United States Dollars	660,827	3,107,330
Singapore Dollars	16,604	131,423
Japanese Yen	23,391	33,170

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36. TRADE AND OTHER PAYABLES

	NOTES	2018 RMB'000	2017 RMB'000
Trade payables		5,612,333	3,857,418
Deposit received	(a)	620,582	567,644
Other payables	(b)	872,599	835,599
Advances from customers for property operation services	(c)	–	497,536
Other tax payables		1,492,445	471,689
Accrued staff costs		848,205	625,366
Consideration payables for acquisition of subsidiaries (note 45)		869,397	2,352,484
Accruals		78,022	74,732
		10,393,583	9,282,468

Trade payables principally comprise amounts outstanding for purchase of materials and subcontracting fee for the construction of properties for sale. The average credit period for purchase of construction materials and settlement of subcontracting fee ranged from two months to one year.

The following is an aged analysis of the Group's trade payables presented based on the invoice date at the end of the reporting period:

	2018 RMB'000	2017 RMB'000
0 to 60 days	2,801,902	1,994,373
61 to 180 days	1,541,021	905,494
181 to 365 days	784,916	642,043
1 – 2 years	383,922	232,191
2 – 3 years	82,438	74,942
Over 3 years	18,134	8,375
	5,612,333	3,857,418

Notes:

(a) The balance of deposits received amounting to RMB620,582,000 (2017: RMB567,644,000) mainly represents the earnest money received from potential property buyers.

(b) The balance of other payables mainly represents receipts on behalf of residents amounting to RMB462,038,000 (2017: RMB408,719,000).

(c) The Group has initially applied HKFRS 15 at 1 January 2018, advances from customers of RMB497,536,000 previously included in trade and other payables were reclassified to contract liabilities.

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37. CONTRACT LIABILITIES

	31 December 2018 RMB'000	1 January 2018 RMB'000 (note)
Sales of completed properties	12,723,043	5,605,814
Provision of property operation services	316,028	511,314
	13,039,071	6,117,128

Note: The amounts in this column were after the adjustments from the application of HKFRS 15.

The following table shows how much of the revenue recognised in the current year relates to carried-forward contract liabilities.

	Sales of developed properties RMB'000	Property operation services RMB'000	Total RMB'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	2,937,329	498,273	3,435,602

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

Sales of completed properties

The Group receives 30% to 100% of the contract value as deposits from customers when they sign the sale and purchase agreement. However, depending on market conditions, the Group may offer customers a discount compared to the listed sales price, provided that the customers agree to pay the balance of the consideration early while construction is still ongoing. The advance payment schemes result in contract liabilities being recognised throughout the property construction period until the customer obtains control of the completed property.

In addition, the Group considers the advance payment schemes contain significant financing component and accordingly the amount of consideration is adjusted for the effects of the time value of money taking into consideration the credit characteristics of the relevant group entities. As this accrual increases the amount of the contract liability during the period of construction, it increases the amount of revenue recognised when control of the completed property is transferred to the customer.

Provision of property operation services

When the Group receives the monthly property management service fee from customers at the beginning of the month, it will give rise to contract liabilities, until the revenue is recognised on the relevant contract upon provision of property management services, which are expected to be satisfied within one year from the date of advance payment made by customers.

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38. AMOUNTS DUE TO JOINT VENTURES, ASSOCIATES AND NON-CONTROLLING SHAREHOLDERS OF THE SUBSIDIARIES OF THE COMPANY

The amounts due to joint ventures, associates and non-controlling shareholders of the subsidiaries of the Company are non-trade in nature, unsecured, interest-free and repayable on demand.

39. BORROWINGS

	NOTES	2018 RMB'000	2017 RMB'000
Bank loans		10,472,188	4,936,910
Other loans	(a)	8,683,366	4,926,735
		19,155,554	9,863,645
Secured	(b)	16,161,519	6,215,822
Unsecured		2,994,035	3,647,823
		19,155,554	9,863,645
Carrying amount repayable:			
Within one year		7,959,810	3,022,026
More than one year, but not exceeding two years		3,528,383	3,951,279
More than two years, but not exceeding five years		5,777,361	2,766,372
More than five years		1,890,000	123,968
Total borrowings		19,155,554	9,863,645
Less: Amounts due within one year shown under current liabilities		(7,959,810)	(3,022,026)
Amounts due after one year shown under non-current liabilities		11,195,744	6,841,619

Notes:

(a) Other loans amounting to RMB5,935,163,000 (2017: RMB2,829,100,000) represented loans provided by certain trust companies, some of which are secured by the equity interest of certain subsidiaries of the Company and certain properties and carried interest rate of 5.23% to 13.8% (2017: 8.4% to 9.2%) per annum. The maturity of loan balances as at 31 December 2018 is ranging from 2019 to 2020.

As at 31 December 2018, other loan amounting to RMB1,000,000,000 (2017: RMB1,000,000,000) represented loan provided by a former joint venture partner of Shenzhen Xingfu Wanxiang Investment partnership (Limited Partnership) (深圳市幸福萬象投資合夥企業(有限合夥)) ("Shenzhen Wanxiang") and carried interest of 8.63% per annum. Details are set out in note 45(b).

As at 31 December 2018, other loan amounting to RMB1,000,000,000 (2017: nil) represented loan provided by a former joint venture partner of Jiaxing Fangyan and carried interest of 14% per annum. Details are set out in note 45(a).

The remaining balance of other loans amounting to RMB748,203,000 (2017: RMB1,097,635,000) carried interest rate of 7.0% to 13.2% (2017: 8.9%) per annum. The loan balances as at 31 December 2018 are due in 2021.

(b) Certain bank and other loans were secured by properties for sale, investment properties, prepaid lease payments, pledged bank deposits, property, plant and equipment. Details are set out in note 57.

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39. BORROWINGS (continued)

As at 31 December 2018, certain directors of the Company provided joint guarantees to the banks and trust companies for the Group's bank and other borrowings amounting to RMB846,000,000 (2017: RMB795,969,000) in aggregate.

The amounts due above are based on scheduled repayment dates set out in the loan agreements. As at 31 December 2018, all borrowings are denominated in RMB except that secured borrowings of RMB94,139,000 and unsecured borrowings of RMB644,523,000 are denominated in USD. As at 31 December 2017, all borrowings were denominated in RMB except that secured borrowings of RMB93,780,000 and RMB21,633,000 were denominated in USD and HKD, respectively, and unsecured borrowings amounting to RMB101,592,000 were denominated in SGD.

The exposure of the Group's borrowings is as following:

	2018 **RMB'000**	**2017** **RMB'000**
Fixed-rate borrowings	9,662,982	6,235,899
Variable-rate borrowings	9,492,572	3,627,746
	19,155,554	9,863,645

The ranges of effective interest rates on the Group's borrowings are as follows:

	2018	**2017**
Effective interest rate:		
Fixed-rate borrowings	2.38% to 14.00% per annum	1.37% to 14.00% per annum
Variable-rate borrowings	4.75% to 13.84% per annum	3.45% to 10.05% per annum

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40. OBLIGATIONS UNDER FINANCE LEASES

It is the Group's policy to lease certain of its transportation equipment under finance leases. The lease term is ranging from 2 years to 6 years (2017: from 3 years to 7 years) for the transportation equipment. Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 4.2% to 5.8% per annum for the transportation equipment.

	Minimum lease payments		**Present value of minimum lease payments**	
	2018	**2017**	**2018**	**2017**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Amounts payable under finance leases				
Within one year	82,297	64,714	69,164	51,693
More than one year but not more than two years	82,269	62,316	72,908	51,593
More than two years but not more than five years	124,990	146,170	110,016	126,982
More than five years	56,572	86,162	53,956	80,724
	346,128	359,362	306,044	310,992
Less: future finance charge	(40,084)	(48,370)	–	–
Present value of lease obligations	306,044	310,992	306,044	310,992
Less: Amount due for settlement within one year shown under current liabilities			(69,164)	(51,693)
Amount due for settlement after one year shown under non-current liabilities			236,880	259,299

Finance lease obligations of the transportation equipment are denominated in USD, which is the foreign currency of the relevant group entities. Finance lease obligations of the group are secured by the leased assets.

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41. SENIOR NOTES AND BONDS

Issue date	Note	Maturity	Principal '000	Nominal interest rate	Effective interest rate	Carrying amount at 2018 RMB'000	2017 RMB'000
Senior notes:	(a)						
2013 senior notes due 2020	(b)	7 years	USD250,000	10.75%	11.27%	1,788,416	1,707,273
2015 senior notes due 2018	(c)	3 years	USD200,000	11.50%	12.60%	–	1,313,578
2016 RMB senior notes due 2019	(d)	3 years	RMB1,600,000	9.50%	10.66%	1,618,033	1,601,413
2016 USD senior notes due 2021	(e)	5 years	USD500,000	7.38%	7.70%	3,465,913	3,280,574
2017 senior notes due 2018	(f)	1 year	USD487,000	5.50%	6.98%	–	3,171,032
2017 senior notes due 2022	(g)	5 years	USD300,000	7.95%	8.26%	2,119,621	2,013,652
2018 USD300 million senior notes due 2019	(h)	1 year	USD300,000	7.25%	8.12%	2,023,783	–
2018 USD600 million senior notes due 2021	(i)	3 years	USD600,000	8.38%	9.30%	4,152,553	–
2018 senior notes due 2020	(j)	2 years	USD100,000	12.00%	12.74%	689,523	–
2018 USD140 million senior notes due 2019	(k)	1 year	USD140,000	12.00%	12.96%	1,009,001	–
2018 USD200 million senior notes due 2021	(l)	3 years	USD200,000	15.00%	15.64%	1,359,964	–
						18,226,807	13,087,522
Corporate bonds:							
Fantasia Bonds							
2015 bonds due 2020	(m)	5 years	RMB2,000,000	7.95%	7.31%	2,000,219	2,021,962
2016 bonds due 2020	(n)	4 years	RMB1,100,000	7.95%	7.47%	1,086,005	1,095,052
2016 RMB3,000 million bonds due 2019	(o)	3 years	RMB3,000,000	8.50% – 9.00%	8.11% – 9.00%	1,579,258	3,047,804
2018 bonds due 2021	(p)	3 years	RMB1,000,000	7.50%	7.62%	999,953	–
Colour Life Bonds							
2016 RMB100 million bonds due 2019	(q)	3 years	RMB100,000	6.70%	7.91%	106,092	104,977
2016 RMB300 million bonds due 2019	(r)	3 years	RMB300,000	8.00%	12.86%	61,493	301,394
2017 bonds due 2020	(s)	3 years	RMB150,000	7.00%	8.40%	147,916	146,231
						5,980,936	6,717,420
						24,207,743	19,804,942
Carrying amounts repayable:							
Within one year						6,397,660	4,484,610
More than one year, but not exceeding two years						6,712,032	5,055,588
More than two years, but not exceeding five years						11,098,051	10,264,744
						24,207,743	19,804,942
Less: amounts due within one year shown under current liabilities						(6,397,660)	(4,484,610)
Amounts due after one year shown under non-current liabilities						17,810,083	15,320,332

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41. SENIOR NOTES AND BONDS (continued)

Notes:

(a) The Company issued senior notes on the Singapore Exchange Securities Trading Limited (the "SGX"). The senior notes are guaranteed by certain subsidiaries of the Company and the interests are payable semi-annually in arrears.

(b) 2013 senior notes due 2020

On 22 January 2013, the Company issued guaranteed senior notes in an aggregate principal amount of USD250,000,000. The senior notes may be redeemed in the following circumstances:

(i) At any time, the Company may at its option redeem the senior notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the senior notes plus applicable premium as defined in the offering memorandum as of, and accrued and unpaid interest, if any to (but not including) the redemption date.

The applicable premium is the greater of 1% of the principal amount of such senior notes or the excess of the amount equivalent to the principal amount and related interest up to 22 January 2020 discounted at a rate equal to comparable treasury price in the USA plus 100 basis points over the principal amount.

(ii) At any time and from time to time on or after 22 January 2017, the Company may at its option redeem the senior notes, in whole or in part, at a redemption price equal to 100% percentage of principal amount set forth below plus accrued and unpaid interest, if any, to (but not including) the redemption date.

Period	**Redemption price**
22 January 2017 – 21 January 2018	105.3750%
22 January 2018 – 21 January 2019	102.6875%
22 January 2019 and thereafter	100.0000%

(c) 2015 senior notes due 2018

On 27 May 2015, the Company issued guaranteed senior notes in an aggregate principal amount of USD200,000,000. During the year ended 31 December 2018, the senior notes were repaid upon maturity in 2018. No gain or loss on redemption of senior notes is recognised in profit or loss.

(d) 2016 RMB senior notes due 2019

In 2016, the Company issued guaranteed senior notes of RMB1,600,000,000 by two tranches detailed as below:

Tranche	**Issue date**	**Principal RMB'000**	**Issued price % of principal**	**Nominal interest rate per annum**	**Effective interest rate per annum per annum**
First	4 May 2016	600,000	100.000%	9.50%	10.66%
Second	29 August 2016	1,000,000	101.625%	9.50%	10.66%

The senior notes may be redeemed in the following circumstances:

(i) At any time prior to 4 May 2019, the Company may at its option redeem the senior notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the senior notes plus applicable premium as defined in the offering memorandum as of, and accrued and unpaid interest, if any to (but not including) the redemption date.

The applicable premium is the excess of the amount equivalent to the principal amount and related interest up to 4 May 2019 discounted at 2% over the principal amount on such redemption date.

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41. SENIOR NOTES AND BONDS (continued)

Notes: (continued)

(d) 2016 RMB senior notes due 2019 (continued)

(ii) At any time and from time to time prior to 4 May 2019, the Company may redeem up to 35% of the aggregate principal amount of the senior notes with the net cash proceeds of the issuance of ordinary shares of the Company at a redemption price of 109.50% of the principal amount of the senior notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date, provided that at least 65% of the aggregate principal amount of the senior notes issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

(e) 2016 USD senior notes due 2021

In 2016, the Company issued guaranteed senior notes of USD500,000,000 by two tranches detailed as below:

Tranche	Issue date	Principal USD'000	Issued price % of principal	Nominal interest rate per annum	Effective interest rate per annum per annum
First	4 October 2016	400,000	100.000%	7.375%	7.70%
Second	29 December 2016	100,000	99.884%	7.375%	7.70%

The senior notes may be redeemed in the following circumstances:

(i) At any time and from time to time on or after 4 October 2019, the Company may at its option redeem the senior notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest, if any, to (but not including) the redemption date if redeemed during the 12 month period beginning on 4 October of the years indicated below.

Period	Redemption price
4 October 2019 – 3 October 2020	103.688%
4 October 2020 and thereafter	101.844%

(ii) At any time prior to 4 October 2019, the Company may at its option redeem the senior notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the senior notes plus applicable premium as defined in the offering memorandum as of, and accrued and unpaid interest, if any to (but not including) the redemption date.

The applicable premium is the greater of 1% of the principal amount of such senior notes or the excess of the amount equivalent to the of principal amount and related interest up to 4 October 2019 discounted at a rate equal to comparable treasury price in the USA plus 100 basis points over the principal amount.

(iii) At any time and from time to time prior to 4 October 2019, the Company may redeem up to 35% of the aggregate principal amount of the senior notes with the net cash proceeds of the issuance of ordinary shares of the Company in an equity offering at a redemption price of 107.375% of the principal amount of the senior notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date, provided that at least 65% of the aggregate principal amount of the senior notes issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

(f) 2017 senior notes due 2018

On 13 June 2017, the Company issued guaranteed senior notes in an aggregate principal amount of USD487,000,000. During the year ended 31 December 2018, the senior notes were repaid upon maturity in 2018. No gain or loss on redemption of senior notes is recognised in profit or loss.

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41. SENIOR NOTES AND BONDS (continued)

Notes: (continued)

(g) 2017 senior notes due 2022

On 5 July 2017, the Company issued guaranteed senior notes in an aggregate principal amount of USD300,000,000. The senior notes may be redeemed in the following circumstances:

(i) At any time and from time to time on or after 5 July 2020, the Company may at its option redeem the senior notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest, if any, to (but not including) the redemption date if redeemed during the 12 month period beginning on 5 July of the years indicated below.

Period	Redemption price
5 July 2020 – 4 July 2021	103.9750%
5 July 2021 and thereafter	101.9875%

(ii) At any time prior to 5 July 2020, the Company may at its option redeem the senior notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the senior notes plus applicable premium as defined in the offering memorandum as of, and accrued and unpaid interest, if any to (but not including) the redemption date.

The applicable premium is the greater of 1% of the principal amount of such senior notes or the excess of the amount equivalent to the of principal amount and related interest up to 5 July 2020 discounted at a rate equal to comparable treasury price in the USA plus 100 basis points over the principal amount.

(iii) At any time and from time to time prior to 5 July 2020, the Company may redeem up to 35% of the aggregate principal amount of the senior notes with the net cash proceeds of the issuance of ordinary shares of the Company in an equity offering at a redemption price of 107.95% of the principal amount of the senior notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date, provided that at least 65% of the aggregate principal amount of the senior notes issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

(h) 2018 USD300 million senior notes due 2019

On 14 February 2018, the Group issued guaranteed senior notes in an aggregate principal amount of USD300,000,000. The senior notes may be redeemed in the following circumstances:

(i) At any time prior to 13 February 2019, the Company may at its option redeem the senior notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the senior notes plus applicable premium as defined in the offering memorandum as of, and accrued and unpaid interest, if any to (but not including) the redemption date.

The applicable premium is the greater of 1% of the principal amount of such senior notes or the excess of the amount equivalent to the of principal amount and related interest up to 13 February 2019 discounted at a rate equal to comparable treasury price in the USA plus 100 basis points over the principal amount.

(ii) At any time and from time to time prior to 14 February 2019, the Company may redeem up to 35% of the aggregate principal amount of the senior notes with the net cash proceeds of the issuance of ordinary shares of the Company in an equity offering at a redemption price of 107.25% of the principal amount of the senior notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date, provided that at least 65% of the aggregate principal amount of the senior notes issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 30 days after the closing of the related equity offering.

In November 2018, the Company repurchased the senior notes with the principal amount of USD12,740,000 at a total consideration of USD12,605,000, equivalent to RMB85,101,000. The gain on repurchase of senior notes of RMB2,397,000 is recognised in profit or loss. Upon completion of the repurchase, all repurchased senior notes were cancelled.

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41. SENIOR NOTES AND BONDS (continued)

Notes: (continued)

(i) 2018 USD600 million senior notes due 2021

During the year ended 31 December 2018, the Company issued guaranteed senior notes of USD600,000,000 by three tranches detailed as below:

Tranche	Issue date	Principal USD'000	Issued price % of principal	Nominal interest rate per annum	Effective interest rate per annum per annum
First	8 March 2018	350,000	100%	8.375%	9.30%
Second	19 March 2018	100,000	100%	8.375%	9.30%
Third	10 May 2018	150,000	96.285%	8.375%	9.30%

The senior notes may be redeemed in the following circumstances:

(i) At any time prior to 8 March 2021, the Company may at its option redeem the senior notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the senior notes plus applicable premium as defined in the offering memorandum as of, and accrued and unpaid interest, if any to (but not including) the redemption date.

The applicable premium is the greater of 1% of the principal amount of such senior notes or the excess of the amount equivalent to the of principal amount and related interest up to 8 March 2021 discounted at a rate equal to comparable treasury price in the USA plus 100 basis points over the principal amount.

(ii) At any time and from time to time prior to 8 March 2021, the Company may redeem up to 35% of the aggregate principal amount of the senior notes with the net cash proceeds of the issuance of ordinary shares of the Company in an equity offering at a redemption price of 108.375% of the principal amount of the senior notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date, provided that at least 65% of the aggregate principal amount of the senior notes issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

(j) 2018 senior notes due 2020

On 1 June 2018 the Group issued guaranteed senior notes in aggregate principal amounts of USD100,000,000.

In December 2018, the Company offered all of the holders of the senior notes accepted the exchange consideration to adjust the coupon interest rate from 8.5% per annum to 12.0% per annum and postpone the maturity date from 4 June 2019 to 4 June 2020. The effective interest rate is revised from 10.66% per annum to 12.74% per annum. The loss on modification of senior notes of RMB4,040,000 is recognised in profit or loss at the date of modification.

The senior notes may be redeemed in the following circumstances:

(i) At any time prior to 4 June 2020, the Company may at its option redeem the senior notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the senior notes plus applicable premium as defined in the offering memorandum and the exchange offering memorandum as of, and accrued and unpaid interest, if any to (but not including) the redemption date.

The applicable premium is the greater of 1% of the principal amount of such senior notes or the excess of the amount equivalent to the of principal amount and related interest up to 4 June 2020 discounted at a rate equal to comparable treasury price in the USA plus 100 basis points over the principal amount.

For the year ended 31 December 2018

41. SENIOR NOTES AND BONDS (continued)

Notes: (continued)

(j) 2018 senior notes due 2020 (continued)

(ii) At any time and from time to time prior to 4 June 2020, the Company may redeem up to 35% of the aggregate principal amount of the senior notes with the net cash proceeds of issuance of ordinary shares of the Company in an equity offering at a redemption price of 112.0% of the principal amount of the senior notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date, provided that at least 65% of the aggregate principal amount of the senior notes issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

(k) 2018 USD140 million senior notes due 2019

On 16 July 2018 the Group issued guaranteed senior notes in aggregate principal amounts of USD140,000,000. The senior notes may be redeemed in the following circumstances:

(i) At any time prior to 15 July 2019, the Company may at its option redeem the senior notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the senior notes plus applicable premium as defined in the offering memorandum as of, and accrued and unpaid interest, if any to (but not including) the redemption date.

The applicable premium is the greater of 1% of the principal amount of such senior notes or the excess of the amount equivalent to the of principal amount and related interest up to 15 July 2019 discounted at a rate equal to comparable treasury price in the USA plus 100 basis points over the principal amount.

(ii) At any time and from time to time prior to 15 July 2019, the Company may redeem up to 35% of the aggregate principal amount of the senior notes with the net cash proceeds of issuance of ordinary shares of the Company in an equity offering at a redemption price of 112.0% of the principal amount of the senior notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date, provided that at least 65% of the aggregate principal amount of the senior notes issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

(l) 2018 USD200 million senior notes due 2021

During the year ended 31 December 2018, the Company issued guaranteed senior notes of USD200,000,000 by two tranches detailed as below:

Tranche	Issue date	Principal USD'000	Issued price % of principal	Nominal interest rate per annum	Effective interest rate per annum per annum
First	13 December 2018	130,000	100%	15%	15.64%
Second	21 December 2018	70,000	100%	15%	15.64%

The senior notes may be redeemed in the following circumstances:

(i) At any time prior to 18 December 2021, the Company may at its option redeem the senior notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the senior notes plus applicable premium as defined in the offering memorandum as of, and accrued and unpaid interest, if any to (but not including) the redemption date.

The applicable premium is the greater of 1% of the principal amount of such senior notes or the excess of the amount equivalent to the of principal amount and related interest up to 18 December 2021 discounted at a rate equal to comparable treasury price in the USA plus 100 basis points over the principal amount.

For the year ended 31 December 2018

41. SENIOR NOTES AND BONDS (continued)

Notes: (continued)

(l) 2018 USD200 million senior notes due 2021 (continued)

(ii) At any time and from time to time prior to 18 December 2021, the Company may redeem up to 35% of the aggregate principal amount of the senior notes with the net cash proceeds of the issuance of ordinary shares of the Company in an equity offering at a redemption price of 115.0% of the principal amount of the senior notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date, provided that at least 65% of the aggregate principal amount of the senior notes issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

(m) 2015 bonds due 2020

On 18 September 2015, a wholly-owned subsidiary of the Company, Fantasia Group (China) Co., Ltd. (花樣年集團（中國）有限公司) ("Fantasia Group China") issued domestic corporate bonds of RMB2,000,000,000, which are listed on the Shanghai Stock Exchange ("SSE"). The corporate bonds are unsecured, carry interest at rate of 6.95% per annum and interest is payable annually. The effective interest rate of the senior notes is 7.30% per annum. The corporate bonds will mature on 16 September 2020 unless the holders sell back the bonds to Fantasia Group China earlier.

At the end of the third year subsequent to the inception date, Fantasia Group China as the issuer is entitled to adjust interest rate and the corporate bond holders may at their options to sell back the bonds to Fantasia Group China in whole or in part at face value of their principal amount.

In September 2018, Fantasia Group China adjusted the coupon interest rate from 6.95% per annum to 7.95% per annum and certain holders of corporate bonds exercised the put options and sold back certain corporate bonds in aggregate principal amount of RMB43,295,000 to Fantasia Group China. For the remaining corporate bonds of RMB1,956,705,000, the coupon interest rate is adjusted to 7.95% per annum. The effective interest rate is revised from 7.30% per annum to 7.31% per annum. The loss on modification of corporate bonds of RMB12,686,000 is recognised in profit or loss at the date of modification.

(n) 2016 bonds due 2020

On 4 January 2016, a wholly-owned subsidiary of the Company, Fantasia Group China issued public domestic corporate bonds of RMB1,100,000,000, which are listed on the Shenzhen Stock Exchange ("SZSE"). The corporate bonds are unsecured, carry interest at rate of 7.29% per annum and interest is payable annually. The effective interest rate of the senior notes is approximately 7.46% per annum. The corporate bonds will mature on 31 December 2020 unless the holders sell back the bonds to Fantasia Group China earlier.

At the end of the third year subsequent to the inception date, Fantasia Group China as the issuer is entitled to adjust interest rate and the corporate bond holders may at their options to sell back the bonds to Fantasia Group China in whole or in part at face value of their principal amount.

In December 2018, Fantasia Group China adjusted the coupon interest rate from 7.29% per annum to 7.95% per annum and certain holders of corporate bonds exercised the put options and sold back certain corporate bonds in aggregate principal amount of RMB14,008,000 to Fantasia Group China. For the remaining corporate bonds of RMB1,085,992,000, the coupon interest rate is adjusted to 7.95% per annum. The effective interest rate is revised from 7.46% per annum to 7.47% per annum. The loss on modification of corporate bonds of RMB3,582,000 is recognised in profit or loss at the date of modification.

For the year ended 31 December 2018

41. SENIOR NOTES AND BONDS (continued)

Notes: (continued)

(o) 2016 RMB3,000 million bonds due 2019

During the year ended 31 December 2016, Fantasia Group China issued non-public domestic corporate bonds of RMB3,000,000,000 in aggregation by five tranches detailed as below:

Tranche	Issue date	Maturity date	Coupon interest rate per annum	Principal RMB'000
First tranche	19 May 2016	19 May 2019	7.5%	500,000
Second tranche	15 July 2016	15 July 2019	6.8%	331,000
Third tranche	17 August 2016	17 August 2019	7.2%	1,300,000
Fourth tranche	23 August 2016	23 August 2019	7.3%	300,000
Fifth tranche	7 September 2016	7 September 2019	6.6%	569,000

The corporate bonds are unsecured and interest is payable annually. The five tranches of domestic corporate bonds will mature in 2019, unless Fantasia Group China redeem earlier or the holders sell back the bonds to Fantasia Group China earlier.

At the end of the second year subsequent to the inception dates, Fantasia Group China as the issuer is entitled to adjust interest rate and the holders may at their options to sell back the bonds to Fantasia Group China in whole or in part at face value of their principal amount.

During the year ended 31 December 2018, Fantasia Group China redeemed the first tranche of corporate bonds with its principal amount of RMB500,000,000 at a price of RMB500,027,000, resulting in a loss on early redemption of RMB3,372,000 is recognised in profit or loss. Upon completion of the redemption, all redeemed corporate bonds were cancelled.

During the year ended 31 December 2018, Fantasia Group China adjusted the coupon interest rates of the second, third, fourth and fifth corporate bonds set forth below and certain holders of corporate bonds exercised the put options and sold back certain corporate bonds in aggregate principal amount of RMB970,000,000 to Fantasia Group China. The loss on modification of corporate bonds of RMB24,902,000 is recognised in profit or loss at the date of modification.

Tranche	Original coupon interest rate per annum	Adjusted coupon interest rate per annum	Original effective interest rate per annum	Adjusted effective interest rate per annum	Sell-back portion RMB'000	Remaining portion RMB'000
Second tranche	6.8%	8.5%	7.52%	8.11%	–	331,000
Third tranche	7.2%	8.5%	8.05%	8.50%	950,000	350,000
Fourth tranche	7.3%	9.0%	8.29%	9.00%	10,000	290,000
Fifth tranche	6.6%	9.0%	7.97%	9.00%	10,000	559,000

(p) 2018 bonds due 2021

On 17 December 2018, Fantasia Group China issued domestic corporate bonds of RMB1,000,000,000. The corporate bonds were issued at 100% of the principal amount and are listed on the SSE. The corporate bonds are unsecured, carry interest at rate of 7.5% per annum and interest is payable annually. The corporate bonds will mature on 17 December 2021 unless the holders sell back the bonds to Fantasia Group China earlier.

At the end of the second year subsequent to the inception date, Fantasia Group China as the issuer is entitled to adjust interest rate and the holders may at their options to sell back the bonds to Fantasia Group China in whole or in part at face value of their principal amount.

For the year ended 31 December 2018

41. SENIOR NOTES AND BONDS (continued)

Notes: (continued)

(q) 2016 RMB100 million bonds due 2019

On 29 January 2016, Shenzhen Colour Life Services Group Co., Limited (深圳市彩生活服務集團有限公司) ("Shenzhen Colour Life"), a non-wholly owned subsidiary of the Company, issued first tranche of non-public domestic corporate bonds of RMB100,000,000, which are secured, carry interest at rate of 6.7% per annum and interest is payable annually, commencing on 29 January 2017 and will mature on 28 January 2019. The effective interest rate is 7.91% per annum.

(r) 2016 RMB300 million bonds due 2019

On 9 September 2016, Shenzhen Colour Life issued non-public domestic corporate bonds of RMB300,000,000, which are secured, carry interest at rate of 7.00% per annum and interest is payable annually, commencing on 9 September 2017 and will mature on 8 September 2019, respectively. The effective interest rate is 8.1% per annum.

At the end of the second year, Shenzhen Colour Life as the issuer is entitled to adjust the interest rate and the holders of corporate bonds of RMB300,000,000 may at their options to sell back the bonds to the Group in whole or in part at face value of their principal amount.

In September 2018, Shenzhen Colour Life adjusted the coupon interest rate from 7.0% per annum to 8.0% per annum and certain holders of corporate bonds exercised the put options and sold back certain corporate bonds in aggregate principal amount of RMB240,000,000 to Shenzhen Colour Life. For the remaining corporate bonds of RMB60,000,000, the coupon interest rate is adjusted to 8.0% per annum. The effective interest rate is revised from 8.13% per annum to 12.86% per annum. The loss on modification of corporate bonds of RMB3,140,000 is recognised in profit or loss at the date of modification.

(s) 2017 bonds due 2020

On 10 November 2017, Shenzhen Colour Life issued non-public domestic corporate bonds in aggregate principal amount of RMB150,000,000. The corporate bonds will mature on 10 November 2020.

The movements of the senior notes and bonds during the year are set out below:

	2018 **RMB'000**	**2017** **RMB'000**
At 1 January	19,804,942	18,379,625
Net proceeds on the date of issuance	9,505,647	5,419,191
Exchange loss (gain)	792,533	(670,399)
Interest expenses	1,942,299	1,649,157
Payment of interest	(1,630,264)	(1,495,033)
Extinguishment of bonds upon substantial modification	(1,184,799)	–
Recognition of bonds upon substantial modification	1,199,000	–
Adjustment to carrying amounts of senior notes and bonds upon non-substantial modification	34,149	–
Repayment of senior notes and bonds	(4,404,253)	(1,454,238)
Repurchase/early redemption of senior notes and bonds	(1,851,511)	(2,023,361)
At 31 December	24,207,743	19,804,942

For the year ended 31 December 2018

42. ASSET-BACKED SECURITIES ISSUED

	NOTES	2018 RMB'000	2017 RMB'000
Asset-backed securities issued			
2016 ABS	(a)	174,228	227,737
2018 ABS	(b)	86,191	–
		260,419	227,737
Carrying amounts repayable:			
Within one year		96,666	42,533
More than one year, but not exceeding two years		62,117	56,986
More than two years, but not exceeding five years		101,636	128,218
		260,419	227,737
Less: amounts due within one year shown under current liabilities		(208,636)	(42,533)
Amounts due after one year included in non-current liabilities		51,783	185,204

Notes:

(a) In August 2016, Shenzhen Colour Life issued asset-backed securities ("2016 ABS") under securitisation arrangements collateralised by the future earnings relating to property management fee and guaranteed by Fantasia China. The 2016 ABS were issued at discount of 5.0% with aggregate nominal value of RMB300,000,000 which carry interests ranging from 4.5% to 6.1% per annum. Under the securitisation arrangement, the principal and interests are payable quarterly and with maturity from November 2016 to August 2021. The effective interest rates ranges from 6.9% to 8.3% per annum.

For certain portion of 2016 ABS amounting to RMB135,000,000, in August 2019, Shenzhen Colour Life as the issuer is entitled to adjust the interest rate and the holders of 2016 ABS may at their options to sell back the 2016 ABS to the Group in whole or in part at face value of their principal amount. Therefore, the carrying amount of 2016 ABS amounting to RMB135,000,000 are classified as current liabilities as at 31 December 2018. The directors considered that the fair value of the put options is insignificant on initial recognition, 31 December 2017 and 2018.

(b) In January 2018, Shenzhen Colour Life issued the asset-backed securities ("2018 ABS") under securitisation arrangements collateralised by the future earnings relating to property management fee and guaranteed by Fantasia China. The 2018 ABS were issued at discount of 1.8% with aggregate nominal value of RMB100,000,000 which carry interests ranging from 6.5% to 7.3% per annum. Under the securitisation arrangement, the principal and interests are payable semi-annually and with maturity from January 2019 to January 2021. The effective interest rates ranges from 6.9% to 7.5% per annum.

For certain portion of 2018 ABS amounting to RMB36,000,000, at the end of second year, Shenzhen Colour Life as the issuer is entitled to adjust the interest rate and the holders of 2018 ABS may at their options to sell back the 2018 ABS to the Group in whole or in part at face value of their principal amount. The directors considered that the fair value of the put options is insignificant on initial recognition and 31 December 2018.

For the year ended 31 December 2018

42. ASSET-BACKED SECURITIES ISSUED (continued)

The movement of the asset-backed securities issued during the year is set out below:

	2018 RMB'000	2017 RMB'000
At 1 January	227,737	275,084
Net proceeds on the date of issuance of asset-backed securities issued	98,236	–
Interest expenses	22,083	19,332
Repayment of principal	(71,250)	(51,250)
Interest paid	(16,387)	(15,429)
At 31 December	260,419	227,737

43. PROVISIONS

	2018 RMB'000	2017 RMB'000
Analysed for reporting purposes as:		
Current liabilities	30,740	40,131

	Properties provision RMB'000 (note a)	Warranty provision RMB'000 (note b)	Total RMB'000
At 1 January 2018	20,491	19,640	40,131
Addition of provision	–	13,575	13,575
Utilisation of provision	–	(22,966)	(22,966)
At 31 December 2018	20,491	10,249	30,740

Notes:

(a) In 2013, the Group acquired Shenzhen Tengxing Hongda Investment Development Co., Ltd. (深圳騰星宏達投資發展有限公司) ("Shenzhen Tengxing") from an independent third party. Pursuant to the sales and purchase agreement, the Group agreed with the former equity holder of Shenzhen Tengxing that after the property project construction completed by the Group, the Group is required to transfer 5% of the completed property of this property project to the former shareholder of Shenzhen Tengxing. The cost incurred for construction of this 5% completed property is accounted for as a provision. The property project construction was completed on 31 December 2018 and under the handover process with the former shareholder as at 31 December 2018.

(b) The provision represented the warranty provision granted on fuel pumps, which is the management's best estimate of the Group's liability under 1 year warranty granted on fuel pumps, based on prior experience and industry averages for defective products.

For the year ended 31 December 2018

44. SHARE CAPITAL

	Number of shares	Amount HK$	Equivalent to RMB'000
Ordinary shares of HK0.1 each			
Authorised:			
At 1 January 2017, 31 December 2017 and 2018	8,000,000,000	800,000,000	704,008
Issued and fully paid:			
At 1 January 2017	5,761,797,064	576,179,706	497,848
Issue of shares upon exercise of share options	225,160	22,516	20
At 31 December 2017	5,762,022,224	576,202,222	497,868
Issue of shares upon exercise of share options	921,680	92,168	77
At 31 December 2018	5,762,943,904	576,294,390	497,945

45. ACQUISITION OF SUBSIDIARIES

(a) Acquisition of property projects and other assets and liabilities through acquisition of subsidiaries

For the year ended 31 December 2018

Name of subsidiaries acquired	Place of establishment/ incorporation	Acquisition date	Equity interest acquired	Equity interest held by the Group after acquisition	Consideration RMB'000
鄂州鑫港置業有限公司 Ezhou Xingang Real Estate Co., Ltd. ("Ezhou Xingang") (note i)	PRC	28 February 2018	100%	100%	364,436
南京星潤置業有限公司 Nanjing Xingrun Real Estate Co., Ltd. ("Nanjing Xingrun") (note i)	PRC	28 February 2018	100%	100%	266,100
武漢欣城開實業有限公司 Wuhan Xinchengkai Real Estate Co., Ltd. ("Wuhan Xinchengkai") (note i)	PRC	30 April 2018	90%	90%	30,000
唐山金盛房地產開發有限公司 Tangshan Jinsheng Real Estate Co., Ltd. ("Tangshan Jinsheng") (note i)	PRC	31 May 2018	51%	51%	43,000

For the year ended 31 December 2018

45. ACQUISITION OF SUBSIDIARIES (continued)

(a) Acquisition of property projects and other assets and liabilities through acquisition of subsidiaries (continued)

For the year ended 31 December 2018 (continued)

Name of subsidiaries acquired	Place of establishment/ incorporation	Acquisition date	Equity interest acquired	Equity interest held by the Group after acquisition	Consideration RMB'000
寧波杭州灣新區民恒房地產開發有限公司 Ningbo Hangzhou New District Minheng Real Estate Co., Ltd. ("Ningbo Minheng") (note i)	PRC	31 July 2018	90%	90%	297,000
Jianian Dingsheng (note ii)	PRC	31 August 2018	2%	51%	15,893
Jiaxing Fangyan (note iii)	PRC	31 August 2018	–	100%	–

Notes:

(i) Ezhou Xingang, Nanjing Xingrun, Wuhan Xinchengkai, Tangshan Jinsheng and Ningbo Minheng are engaging in property development in the PRC and the major assets of them are investment properties, the undeveloped land for future property development or land with minimal construction work performed. The acquisitions were accounted for as purchase of assets and liabilities that does not constitute business combinations.

(ii) Upon the completion of capital injection amounting to RMB15,893,000 by the Group as described in note 18(c) during the year ended 31 December 2018, the Group holds 51% equity interests in Jianian Dingsheng and is able to exercise control over Jianian Dingsheng. Jianian Dingsheng and its subsidiaries hold a property project located in Sichuan which has started to pre-sale the properties and significant processes are applied to the property project. At the time of acquisition, the directors of the Company are of the view that the acquisition of Jianian Dingsheng constitutes a business combination.

(iii) During the year ended 31 December 2018, the Group entered into a supplemental partnership agreement with the investment partner, regarding the revision of the cooperation agreement of Jiaxing Fangyan. Pursuant to the supplemental partnership agreement, the Group has effective control over Jiaxing Fangyan, which became a wholly-owned subsidiary of the Company. Details are set out in note 19. The major asset held by Jiaxing Fangyan is the Debt Instrument as detailed in note 20. The acquisitions are accounted for as purchase of assets and liabilities that does not constitute a business combination.

For the year ended 31 December 2018

45. ACQUISITION OF SUBSIDIARIES (continued)

(a) Acquisition of property projects and other assets and liabilities through acquisition of subsidiaries (continued)

For the year ended 31 December 2018 (continued)

Assets acquired and liabilities recognised at the dates of acquisition are as follows:

	Acquisition of Jianian Dingsheng under business combination RMB'000	**Purchase of assets and liabilities in aggregate RMB'000**	**Total RMB'000**
Net assets acquired			
Property, plant and equipment	295,700	–	295,700
Investment properties	–	109,981	109,981
Prepaid lease payments	19,234	–	19,234
Financial assets at FVTPL (note)	–	1,100,000	1,100,000
Properties under development for sale	4,356,701	2,268,013	6,624,714
Amounts due from certain subsidiaries of the Company	236,033	–	236,033
Trade and other receivables	684,133	979	685,112
Tax recoverable	34,025	–	34,025
Bank balances and cash	476,100	24,834	500,934
Trade and other payables	(464,466)	(71,355)	(535,821)
Contract liabilities	(980,773)	–	(980,773)
Amounts due to certain subsidiaries of the Company	(1,127,290)	(1,302,363)	(2,429,653)
Borrowings	(2,734,730)	(1,000,000)	(3,734,730)
	794,667	1,130,089	1,924,756

Note: As at the date of acquisition, the fair value of financial assets at FVTPL acquired was estimated by an independent valuer through application of probability weighted expected return model, details of which are set out in note 49(c).

For acquisition of Jianian Dingsheng under business combination, at the dates of acquisitions during the year ended 31 December 2018, the trade and other receivables (including amounts due from certain subsidiaries of the Company) acquired with a fair value of RMB920,166,000 approximate its gross contractual amount, with no significant contractual cash flows not expected to be collected.

Acquisition-related costs were insignificant and have been excluded from the cost of acquisition and were recognised as an expense in the year incurred within the "administrative expenses" line item in the consolidated statement of profit or loss and other comprehensive income.

For the year ended 31 December 2018

45. ACQUISITION OF SUBSIDIARIES (continued)

(a) Acquisition of property projects and other assets and liabilities through acquisition of subsidiaries (continued)

For the year ended 31 December 2018 (continued)

Assets acquired and liabilities recognised at the dates of acquisition are as follows: (continued)

	Acquisition of Jianian Dingsheng under business combination RMB'000	**Purchase of assets and liabilities in aggregate RMB'000**	**Total RMB'000**
Total consideration satisfied by:			
Cash	–	184,100	184,100
Capital injected by the Group	15,893	–	15,893
Deposits paid in prior years	–	575,000	575,000
Consideration payables due within one year included in trade and other payables	–	241,436	241,436
	15,893	1,000,536	1,016,429
Add: Non-controlling interests	389,387	29,553	418,940
Fair value of the Group's previously held equity instruments designated at FVTOCI – Jiaxing Fangyan	–	100,000	100,000
Fair value of the Group's previously held equity interests in joint ventures – Jianian Dingsheng	389,387	–	389,387
	794,667	1,130,089	1,924,756

The fair value of the Group's previously held equity interests in Jianian Dingsheng is estimated by an independent valuer through application of income approach and the key inputs of the valuation are the gross development value on completion basis, construction costs to completion and the discount rates. The difference between the fair value and the carrying amount of the Group's previously held interests in joint ventures amounting to RMB384,487,000 was recognised as gain on remeasurement during the year ended 31 December 2018.

	Acquisition of Jianian Dingsheng under business combination RMB'000	**Purchase of assets and liabilities in aggregate RMB'000**	**Total RMB'000**
Net cash inflow (outflow) arising on acquisitions			
Cash consideration paid in current year	–	(184,100)	(184,100)
Capital injected by the Group	(15,893)	–	(15,893)
Bank balances and cash acquired	476,100	24,834	500,934
	460,207	(159,266)	300,941

For the year ended 31 December 2018

45. ACQUISITION OF SUBSIDIARIES (continued)

(a) Acquisition of property projects and other assets and liabilities through acquisition of subsidiaries (continued)

For the year ended 31 December 2017

Name of subsidiaries acquired	Place of establishment/ incorporation	Acquisition date	Equity interest acquired	Equity interest held by the Group after acquisition	Consideration RMB'000
江西銀盛房地產開發有限公司 Jiangxi Yinsheng Real Estate Co., Ltd. ("Jiangxi Yinsheng") (note i)	PRC	31 March 2017	100%	100%	10,000
武漢市嘉倫誠泰商貿有限公司 Wuhan Jialun Chengtai Commercial Trading Co., Ltd. ("Wuhan Jialun") (note i)	PRC	31 March 2017	67%	67%	30,000
太倉起浩商貿有限公司 Taicang Qihao Commercial Trading Co., Ltd. ("Taicang Qihao") (note i)	PRC	30 June 2017	100%	100%	275,973
成都牽銀投資有限公司 Chengdu Qianyin Investment Co., Ltd. ("Chengdu Qianyin") (note i)	PRC	31 August 2017	100%	100%	118,905
南京中儲房地產開發有限公司 Nanjing Zhongchu Property Development Co., Ltd. ("Nanjing Zhongchu") (note i and ii)	PRC	31 August 2017	10%	70%	73,323
武漢中森華永紅房地產開發有限公司 Wuhan Zhongsenhua Yonghong Property Development Co., Ltd. ("Wuhan Zhongsenhua") (note i)	PRC	30 September 2017	100%	100%	127,000
惠州市光亮房地產開發有限公司 Huizhou Guangliang Property Development Co., Ltd. ("Huizhou Guangliang") (note i)	PRC	30 November 2017	100%	100%	1,630,000
四川亙興商貿有限公司 Sichuang Genxing Commercial Trading Co., Ltd. ("Sichuan Genxing") (note i)	PRC	31 December 2017	100%	100%	2,456

For the year ended 31 December 2018

45. ACQUISITION OF SUBSIDIARIES (continued)

(a) Acquisition of property projects and other assets and liabilities through acquisition of subsidiaries (continued)

For the year ended 31 December 2017 (continued)

Notes:

(i) Jiangxi Yinsheng, Wuhan Jialun, Taicang Qihao, Chengdu Qianyin, Nanjing Zhongchu, Wuhan Zhongsenhua, Huizhou Guangliang and Sichuan Genxing are engaging in property development in the PRC and the major assets of them are investment properties, the undeveloped land for future property development or land with minimal construction work performed. The acquisitions were accounted for as purchase of assets and liabilities that does not constitute business combinations.

(ii) Nanjing Zhongchu holds a property project located in Nanjing which has started to pre-sale the properties and significant processes are applied to the properties. At the time of acquisition, the directors of the Company are of the view that the acquisition of Nanjing Zhongchu constitutes a business combination.

During the year ended 31 December 2017, the Group acquired 10% equity interest of Nanjing Zhongchu from the other joint venture partner. Except for the acquisition of Nanjing Zhongchu, the remaining subsidiaries were acquired from independent third parties. The acquisitions were accounted for as purchase of assets and liabilities.

Assets acquired and liabilities recognised at the dates of acquisition are as follows:

	Acquisition of Nanjing Zhongchu under business combination RMB'000	**Purchase of assets and liabilities in aggregate RMB'000**	**Total RMB'000**
Net assets acquired			
Property, plant and equipment	249	2,268	2,517
Investment properties	–	800,992	800,992
AFS investments	–	1,300	1,300
Properties under development for sale	2,535,711	2,400,563	4,936,274
Trade and other receivables	83,657	217,543	301,200
Tax recoverable	19,878	2,088	21,966
Bank balances and cash	66,309	8,719	75,028
Trade and other payables	(4,838)	(1,089,507)	(1,094,345)
Deposits received for sale of properties	(545,789)	–	(545,789)
Amounts due to certain subsidiaries of the Company	(284,026)	–	(284,026)
Borrowings	(1,300,000)	(137,030)	(1,437,030)
	571,151	2,206,936	2,778,087

For the year ended 31 December 2018

45. ACQUISITION OF SUBSIDIARIES (continued)

(a) Acquisition of property projects and other assets and liabilities through acquisition of subsidiaries (continued)

For the year ended 31 December 2017 (continued)

For acquisition of Nanjing Zhongchu under business combination, at the dates of acquisitions during the year ended 31 December 2017, the trade and other receivables acquired with a fair value of RMB83,657,000 approximate its gross contractual amount, with no significant contractual cash flows not expected to be collected.

Acquisition-related costs were insignificant and have been excluded from the cost of acquisition and were recognised as an expense in the year incurred within the "administrative expenses" line item in the consolidated statement of profit or loss and other comprehensive income.

	Acquisition of Nanjing Zhongchu under business combination RMB'000	**Purchase of assets and liabilities in aggregate RMB'000**	**Total RMB'000**
Total consideration satisfied by:			
Cash	–	910,553	910,553
Consideration payables due within one year included in trade and other payables	73,323	1,283,781	1,357,104
	73,323	2,194,334	2,267,657
Add: Non-controlling interests	57,890	12,602	70,492
Fair value of the Group's previously held equity interests in joint ventures			
– Nanjing Zhongchu	439,938	–	439,938
	571,151	2,206,936	2,778,087

The fair value of the Group's previously held equity interests in Nanjing Zhongchu is estimated by an independent valuer through application of income approach and the key inputs of the valuation are the gross development value on completion basis, construction costs to completion and the discount rates. The difference between the fair value and the carrying amount of the Group's previously held interests in joint ventures amounting to RMB103,489,000 was recognised as gain on remeasurement during the year ended 31 December 2017.

For the year ended 31 December 2018

45. ACQUISITION OF SUBSIDIARIES (continued)

(a) Acquisition of property projects and other assets and liabilities through acquisition of subsidiaries (continued)

For the year ended 31 December 2017 (continued)

	Acquisition of Nanjing Zhongchu under business combination RMB'000	**Purchase of assets and liabilities in aggregate RMB'000**	**Total RMB'000**
Net cash inflow (outflow) arising on acquisitions			
Cash consideration paid in current year	–	(910,553)	(910,553)
Bank balances and cash acquired	66,309	8,719	75,028
	66,309	(901,834)	(835,525)

(b) Acquisition of property operation businesses

For the year ended 31 December 2018

During the year ended 31 December 2018, the Group acquired the following companies at a total consideration of RMB51,877,000. At the time of acquisition, the directors of the Company are of the view that the acquisition constitutes businesses combination. The transactions have been accounted for using the purchase method accordingly. The aforesaid subsidiaries were acquired so as to continue the expansion of the Group's property operation services.

Name of subsidiaries acquired	**Consideration RMB'000**	**Acquisition date**	**Equity interest acquired**	**Principal activities**
泗陽嘉華物業管理有限公司 Siyang Jiahua Property Management Co., Ltd.	2,580	31 March 2018	80%	Provision of property operation services
江蘇志遠物業服務有限公司 Jiangsu Zhiyuan Property Services Co., Ltd.	3,009	31 March 2018	85%	Provision of property operation services
杭州卓盛物業管理有限公司 Hangzhou Zhuosheng Property Management Co., Ltd.	33,988	31 December 2018	80%	Provision of property operation services
柳州市中實物業服務有限責任公司 Liuzhou Zhongshi Property Services Co., Ltd.	11,000	31 December 2018	90%	Provision of property operation services
宿遷中尚物業管理有限公司 Suqian Zhongshang Property Management Co., Ltd.	1,300	31 December 2018	90%	Provision of property operation services

For the year ended 31 December 2018

45. ACQUISITION OF SUBSIDIARIES (continued)

(b) Acquisition of property operation businesses (continued)

For the year ended 31 December 2017

During the year ended 31 December 2017, the Group acquired the following companies at a total consideration of RMB1,238,652,000. At the time of acquisition, the directors of the Company are of the view that the acquisition constitutes businesses combination. The transactions have been accounted for using the purchase method accordingly. The aforesaid subsidiaries were acquired so as to continue the expansion of the Group's property operation services.

Name of subsidiaries acquired	Consideration RMB'000	Acquisition date	Equity interest acquired	Principal activities
福建永嘉商業物業管理有限公司 Fujian Yongjia Commercial Property Management Co., Ltd.	1,200	31 March 2017	60%	Provision of property operation services
武漢天宇弘物業管理有限公司 Wuhan Tianyuhong Property Management Co., Ltd. ("Wuhan Tianyuhong") (note ii)	4,800	31 March 2017	80%	Provision of property operation services
寶鷄市彩生活物業管理有限公司 Baoji Colour Life Property Management Co., Ltd. ("Baoji Jufeng") (note ii)	3,500	31 March 2017	70%	Provision of property operation services
九江中輝恒佳物業服務有限公司 Jiujiang Zhonghui Hengjia Property Service Co., Ltd. ("Jiujiang Zhonghui") (note ii)	– (note i)	31 March 2017	100%	Provision of property operation services
深圳市前海微生活網路服務有限公司 Shenzhen Qianhai Weishenghuo Internet Services Co., Ltd.	– (note i)	31 August 2017	100%	Provision of property operation services
長沙市觀瀾湖物業服務有限公司 Changsha Guanlanhu Property Services Co., Ltd.	30,000	30 September 2017	80%	Provision of property operation services
南昌福田物業管理有限公司 Nanchang Futian Property Management Co., Ltd.	11,980	30 September 2017	80%	Provision of property operation services
常州源鑫物業服務有限公司 Changzhou Yuanxin Property Management Co., Ltd.	10,000	30 September 2017	100%	Provision of property operation services
高郵市通揚物業服務有限公司 Gaoyou Tongyang Property Services Co., Ltd.	3,300	30 September 2017	70%	Provision of property operation services
成都浩佳物業服務有限公司 Chengdu Haojia Property Management Co., Ltd.	15,800	30 September 2017	90%	Provision of property operation services

45. ACQUISITION OF SUBSIDIARIES (continued)

(b) Acquisition of property operation businesses (continued)

For the year ended 31 December 2017 (continued)

Name of subsidiaries acquired	Consideration RMB'000	Acquisition date	Equity interest acquired	Principal activities
武漢九坤捷城物業管理有限公司 Wuhan Jiukun Jiecheng Property Management Co., Ltd.	– (note i)	30 September 2017	70%	Provision of property operation services
常州九洲福安物業服務有限公司 Changzhou Jiuzhou Fuan Property Services Co., Ltd.	39,700	30 November 2017	100%	Provision of property operation services
濟南齊華物業管理有限公司 Jinan Qihua Property Management Co., Ltd.	7,000	30 November 2017	51%	Provision of property operation services
本溪金利物業有限公司 Benxi Jinli Property Co., Ltd.	6,200	31 December 2017	80%	Provision of property operation services
上海同淶物業管理有限公司 Shanghai Tonglai Property Management Co., Ltd.	100,000	31 December 2017	100%	Provision of property operation services
上海友全物業管理有限公司 Shanghai Youquan Property Management Co., Ltd.	12,652	31 December 2017	70%	Provision of property operation services
Shenzhen Wanxiang (note ii and iii)	992,520	31 December 2017	50%	Provision of property operation services

Notes:

(i) The consideration was less than RMB1,000.

(ii) During the year ended 31 December 2017, the Group acquired 80%, 70% and 100% equity interest of Wuhan Tianyuhong, Baoji Jufeng and Jiujiang Zhonghui, respectively, from certain non-controlling shareholders of subsidiaries of the Company other than the aforesaid acquirees, and acquired 100% equity interest in Shenzhen Jiaxin from a joint venture partner of the Group. Except for the acquisitions of Wuhan Tianyuhong, Baoji Jufeng and Jiujiang Zhonghui, the remaining subsidiaries were acquired from independent third parties.

For the year ended 31 December 2018

45. ACQUISITION OF SUBSIDIARIES (continued)

(b) Acquisition of property operation businesses (continued)

For the year ended 31 December 2017 (continued)

Notes: (continued)

(iii) Shenzhen Wanxiang was incorporated and acquired 99% equity interest in Wanxiangmei Property Management Co., Ltd. (萬象美物業管理有限公司) ("Wanxiangmei") in 2016. Wanxiangmei is principally engaged in provision of property management services in the PRC. The remaining 1% equity interest in Wanxiangmei was held by the Group. On 29 December 2017, the Group acquired the 100% equity interest in Shenzhen Jiaxin, a limited partner of Shenzhen Wanxiang, from Chuangshi Jianian, a joint venture of the Group, at a consideration of RMB992,520,000. On the same day, the Group entered into a supplemental partnership agreement with other partners regarding the revision of the terms of the cooperation. Pursuant to the supplemental agreement, the investment committee of Shenzhen Wanxiang, the governing body which directs the relevant activities that significantly affects the investment decision and returns of Shenzhen Wanxiang, consists of five members of which the Group and the other partners can appoint three members and two members, respectively, and the return on capital injected by the other limited partner amounting to RMB1,000,000,000 were changed from 4.379% per annum to 8.630% per annum. The approval of the relevant activities requires unanimous consent of members, however, the other partners committed that the two members appointed by them would not vote against the three members appointed by the Group, unless Shenzhen Wanxiang default in settlement of the fixed return and/or return of capital to the other partners in accordance with the repayment schedule. Therefore, the Group obtained 100% beneficial interest in Shenzhen Wanxiang and 100% equity interest in Wanxiangmei, and the amount due to the joint venture partner was included in other loan.

Total consideration transferred

	2018 RMB'000	2017 RMB'000
Cash	130	140,860
Deposits paid in prior years	51,747	102,412
Consideration payables due within one year included in trade and other payables	–	995,380
	51,877	1,238,652

Acquisition-related costs were insignificant and have been recognised as an expense in the current year and included in the "administrative expenses" line item in the consolidated statement of profit or loss and other comprehensive income.

For the year ended 31 December 2018

45. ACQUISITION OF SUBSIDIARIES (continued)

(b) Acquisition of property operation businesses (continued)

For the year ended 31 December 2017 (continued)

Assets acquired and liabilities recognised at the dates of acquisition are as follows:

	2018 RMB'000	2017 RMB'000
Property, plant and equipment	2,100	71,573
Interests in an associate	–	453
Interests in a joint venture	–	207
Intangible assets	8,920	1,092,852
Trade and other receivables	60,358	743,106
Tax recoverable	–	24,144
Amounts due from certain subsidiaries of the Company	–	378,971
Amounts due from non-controlling shareholders of the subsidiaries	–	39,212
Bank balances and cash	8,474	1,055,833
Trade and other payables	(53,195)	(1,174,704)
Contract liabilities	(12,380)	–
Amounts due to certain subsidiaries of the Company	(1,760)	(146,901)
Amounts due to non-controlling shareholders of the subsidiaries of the Company	(4,243)	(4,872)
Amount due to a joint venture	–	(14)
Amount due to an associate	–	(372)
Tax liabilities	(756)	(855)
Borrowings	–	(344,600)
Deferred tax liabilities	(2,230)	(271,163)
Other borrowings	–	(1,000,000)
	5,288	462,870

As at the date of acquisitions during the year ended 31 December 2018, the trade and other receivables (including amounts due from certain subsidiaries of the Company and non-controlling shareholders of the subsidiaries of the Company) acquired with a fair value of RMB60,358,000 (2017: RMB1,161,289,000) approximate its gross contractual amount, with no significant contractual cash flows not expected to be collected.

The fair value of intangible assets acquired in business combination as at the date of acquisitions is estimated by an independent valuer through application of income approach. This approach estimates the future economic benefits and costs attributed to the property management contracts and the customer relationship of the acquirees. The economic benefits and related costs are in turn projected over the expected survival period, taking into consideration of the attrition rate, the growth rate and the discount rate.

For the year ended 31 December 2018

45. ACQUISITION OF SUBSIDIARIES (continued)

(b) Acquisition of property operation businesses (continued)

For the year ended 31 December 2017 (continued)

Goodwill arising on acquisitions

	2018 RMB'000	2017 RMB'000
Consideration transferred	51,877	1,238,652
Add: Non-controlling interests	207	24,299
Fair value of the Group's previously held equity interest in Shenzhen Wanxiang classified as interests in joint ventures	–	647,983
Fair value of the Group's previously held equity interest in Wanxiangmei classified as AFS investments	–	30,000
Less: Fair value of net identifiable assets acquired	(5,288)	(462,870)
	46,796	1,478,064

At the acquisition dates during the year ended 31 December 2018, the non-controlling interests arising from the acquisition of non-wholly owned subsidiaries were measured by reference to the proportionate share of the fair value of the acquiree's net identifiable assets/liabilities amounting to RMB207,000 (2017: RMB24,299,000).

The fair value of the Group's previously held interests in Shenzhen Wanxiang and Wanxiangmei was estimated by an independent valuer and the key inputs of the valuation are the expected future cash inflows/outflows of Shenzhen Wanxiang and Wanxiangmei, the growth rates and the discount rates. The difference between the fair value and the carrying amounts of the Group's previously held interests in Shenzhen Wanxiang and Wanxiangmei amounting to RMB459,230,000 was recognised as gain on remeasurement during the year ended 31 December 2017.

Goodwill was arisen on the acquisitions of subsidiaries during the years ended 31 December 2018 and 2017, because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefits of expected synergies, revenue growth, future market development and the assembled workforce of the business.

As at the date of acquisitions during the year ended 31 December 2018, intangible assets of RMB8,920,000 (2017: RMB1,092,852,000) in relation to the acquisition of subsidiaries under property management services segment have been recognised by the Group.

None of the goodwill arising on the acquisitions are expected to be deductible for tax purposes.

Net cash inflow arising on acquisitions

	2018 RMB'000	2017 RMB'000
Cash consideration paid	(130)	(140,860)
Less: bank balances and cash acquired	8,474	1,055,833
	8,344	914,973

For the year ended 31 December 2018

46. DISPOSAL OF SUBSIDIARIES

(a) Disposal of subsidiaries

For the year ended 31 December 2018

(i) During the year ended 31 December 2018, the Group disposed of its 100% equity interests in Jiangxi Yinsheng which is engaged in property development in the PRC, to an independent third party for a consideration of RMB10,000,000.

(ii) During the year ended 31 December 2018, the Group disposed of its 100% equity interests in Chengdu Yuzhan Xiangyue Industrial Co., Ltd. (成都禦棧香悦實業有限公司) which is engaged in hotel operation, to an independent third party for a consideration of RMB99,079,000.

(iii) During the year ended 31 December 2018, the Group disposed of its 61% equity interest in Shenzhen Feigao Zhizhuo Industrial Co., Ltd. (深圳市飛高至卓實業有限公司) which is engaged in property development in the PRC, to an independent third party for a consideration of RMB884,500,000.

(iv) In December 2018, the Group disposed of its entire equity interests in Foshan Colour Life Property Management Co., Ltd. (佛山市彩生活物業管理有限公司) which is engaged in provision of property management services in the PRC, to an independent third party for a consideration of RMB60,000,000.

(v) In December 2018, the Group disposed of its entire equity interests in Heyuan Colour Life Property Management Co., Ltd. (河源彩生活物業管理有限公司) which is engaged in provision of property management services in the PRC, to an independent third party for a consideration of RMB22,000,000.

(vi) In December 2018, the Group disposed of its entire equity interests in Changsha Xiangwang Property Management Co., Ltd. (長沙祥旺物業管理有限公司) which is engaged in provision of property management services in the PRC, to an independent third party for a consideration of RMB500,000.

For the year ended 31 December 2017

(i) During the year ended 31 December 2017, the Group disposed of its 100% equity interests in Shenzhen Huigang Property Management Co., Ltd. (深圳市匯港物業管理有限責任公司) which is engaged in property management services in the PRC, to an independent third party for a consideration of RMB5,500,000.

(ii) During the year ended 31 December 2017, the Group disposed of its 100% equity interests in Xiehe Golf (Shanghai) Co., Ltd. (協和高爾夫(上海)有限公司) which is engaged in hotel operation, to an independent third party for a consideration of RMB120,000,000.

(iii) During the year ended 31 December 2017, the Group disposed of its 100% equity interest in Jingchuan Fantasia Culture Tourism Development Co., Ltd. (涇川花樣年文化旅游產業開發有限公司) which is engaged in property development in the PRC, to an independent third party for a consideration of RMB220,000,000.

For the year ended 31 December 2018

46. DISPOSAL OF SUBSIDIARIES (continued)

(a) Disposal of subsidiaries (continued)

The above transactions are accounted for as disposal of subsidiaries. Details of the net assets disposed of in respect of these transactions are summarised below:

	2018 RMB'000	2017 RMB'000
Analysis of assets and liabilities over which control was lost:		
Property, plant and equipment	74,986	18,673
Equity instrument designated at FVTOCI	1,300	–
Investment properties	–	3,593
Goodwill	6,831	24,087
Prepaid lease payments	–	131,031
Trade and other receivables	59,972	84,997
Properties for sale	438,703	362,998
Tax recoverable	10,897	2,585
Amounts due from certain subsidiaries of the Company	22,386	8,872
Bank balances and cash	18,349	2,851
Trade and other payables	(64,290)	(427,406)
Deposits received on sale of properties	–	(50,764)
Contract liabilities	(224,718)	–
Borrowings	–	(10,000)
Amount due to a non-controlling shareholder of a subsidiary of the Company	–	(445)
Amounts due to certain subsidiaries of the Company	(24,442)	(110,061)
Deferred tax liabilities	–	(546)
Net assets disposed of	319,974	40,465
Gain on disposal of subsidiaries:		
Cash consideration	1,044,079	345,500
Consideration receivables	32,000	–
	1,076,079	345,500
Add: non-controlling interest	70,233	1,193
Less: net assets disposed of	(319,974)	(40,465)
	826,338	306,228
Net cash inflow arising on disposal:		
Cash consideration	1,044,079	345,500
Bank balances and cash disposed of	(18,349)	(2,851)
	1,025,730	342,649

For the year ended 31 December 2018

46. DISPOSAL OF SUBSIDIARIES (continued)

(b) Disposal of partial interests in subsidiaries without loss of control

For the year ended 31 December 2018

During the year ended 31 December 2018, the Group transferred its 100% beneficially interest in Wanxiangmei Group to Colour Life, a non-wholly owned subsidiary of the Company (the "Transaction"). The consideration of the Transaction included the cash consideration of RMB1,014,174,000 and the issue of 231,500,000 ordinary shares of Colour Life to the Company. The Group's percentage of equity interest in Colour Life was increased from 46.53% to 55.95% upon completion of the Transaction. The Transaction involved deemed disposal of partial interests in Wanxiangmei Group without loss of control and the acquisition of additional interests in Colour Life. Upon the completion of the Transaction in March 2018, the difference of RMB185,493,000 between the dilution of interests in Wanxiangmei Group held by the Company and the additional share of the net assets of Colour Life after adjusting for the relevant attributable accumulated profits of Colour Life, was debited to the special reserve.

For the year ended 31 December 2017

(i) During the year ended 31 December 2017, an independent investor injected capital in the form of registered capital and contribution reserve amounting to RMB237,900,000 and RMB762,100,000 respectively to Sichuan Hanfeng Real Estate Co., Ltd. (四川瀚峰置業有限公司) ("Sichuan Hanfeng"), a non-wholly owned subsidiary of the Company, resulting in the dilution of the Group's equity interest in Sichuan Hanfeng from 91% to 55%. The Group still have control over the relevant activities of Sichuan Hanfeng after the partial disposal. The difference between the capital injected by the independent investor and the attributable equity interest in Sichuan Hanfeng disposed amounted to RMB244,864,000 was credited to special reserve. Sichuan Hanfeng is engaged in property development in the PRC. As at 31 December 2017, the capital was fully injected to Sichuan Hanfeng.

(ii) During the year end 31 December 2017, an independent investor injected capital in the form of registered capital and contribution reserve amounting to RMB376,667,000 and RMB123,333,000 respectively to Tianjin Huaqianli Real Estate Co., Ltd. (天津市花千里房地產開發有限公司) ("Tianjin Huaqianli"), a wholly owned subsidiary of the Company, resulting in the dilution of the Group's equity interest in Tianjin Huaqianli from 100% to 60%. The Group still have control over the relevant activities of Tianjin Huaqianli after the partial disposal. The difference between the capital injected by the independent investor and the attributable equity interest in Tianjin Huaqianli disposed amounted to RMB26,009,000 was debited in special reserve. Tianjin Huaqianli is engaged in property development in the PRC. As at 31 December 2017, the capital was fully injected to Tianjin Huaqianli.

(iii) During the year ended 31 December 2017, the Group disposed of its 20% equity interest in Suzhou Yiya Property Management Co., Ltd. (蘇州易亞物業管理有限公司) ("Suzhou Yiya"), to an independent third party, for a cash consideration of RMB2,610,000. The Group retained 50% equity interest in Suzhou Yiya and still have control over the relevant activities of Suzhou Yiya after the partial disposal. The difference of RMB1,203,000 between the consideration received and the proportionate share of the net assets of Suzhou Yiya by the non-controlling shareholder was credited to special reserve. Suzhou Yiya is engaged in provision of property operation services in the PRC. As at 31 December 2017, the consideration was fully settled.

For the year ended 31 December 2018

46. DISPOSAL OF SUBSIDIARIES (continued)

(b) Disposal of partial interests in subsidiaries without loss of control (continued)

For the year ended 31 December 2017 (continued)

(iv) During the year ended 31 December 2017, an independent investor injected capital in the form of registered capital and contribution reserve amounting to RMB107,143,000 and RMB692,857,000 respectively to Guilin Wanhao Property Co., Ltd. (桂林萬豪房地產開發有限公司) ("Guilin Wanhao"), a wholly-owned subsidiary of the Company, resulting in the dilution of the Group's equity interest in Guilin Wanhao from 100% to 70%. The Group still have control over the relevant activities of Guilin Wanhao after the partial disposal. The difference between the capital injected by the independent investor and the attributable equity interest in Guilin Wanhao disposed amounted RMB415,906,000 was credited to special reserve. Guilin Wanhao is engaged in property development in the PRC. As at 31 December 2017, the capital of RMB400,000,000 was injected to Guilin Wanhao. The outstanding balance of RMB400,000,000 was injected to Guilin Wanhao in 2018.

(v) During the year ended 31 December 2017, an independent investor injected capital in the form of registered capital and contribution reserve amounting to RMB576,416,000 and RMB423,584,000 respectively to Fantasia (Chengdu) Ecological Tourism Co., Ltd. (花樣年(成都)生態旅遊開發有限公司) ("Chengdu Tourism"), a wholly-owned subsidiary of the Company, resulting in the dilution of the Group's equity interest in Chengdu Tourism from 100% to 70%. The Group still have control over the relevant activities of Chengdu Tourism after the partial disposal. The difference between the capital injected by the independent investor and the attributable equity interest in Chengdu Tourism disposed amounted to RMB144,777,000 was credited to special reserve. Chengdu Tourism is engaged in property development in the PRC. As at 31 December 2017, the capital of RMB500,000,000 was injected to Chengdu Tourism. The outstanding balance of RMB500,000,000 was injected to Chengdu Tourism in 2018.

	RMB'000
Capital injected by non-controlling shareholders	2,400,000
Capital receivables due from non-controlling shareholders	900,000
Consideration received from the non-controlling shareholders	2,610
Less: Attributable equity interests in the aforesaid subsidiaries to non-controlling shareholders	(2,521,869)
Amounts recognised in special reserve	780,741

46. DISPOSAL OF SUBSIDIARIES (continued)

(c) Disposal of partial interests in subsidiaries resulting in loss of control

For the year ended 31 December 2018

In January 2018, the Group and an independent investor ("Investor") have agreed, in written, that the Investor will acquire 64.30% equity interest in Beijing Yaxinke on the condition that the Group has obtained 64.30% shareholding in Beijing Yaxinke. The agreement for the acquisition of Beijing Yaxinke was entered into by the Group and the Investor in August 2018. The total payment settled by the Investor is RMB2,198,000,000 which included (1) RMB500,000,000 returned to the Group for the capital injection to Beijing Yanxinke which represents 40.36% equity interest in Beijing Yaxinke; (2) RMB460,020,000 returned to the Group for the acquisition of the 23.94% equity interest in Beijing Yaxinke and (3) RMB1,237,980,000 paid to the Group for the acquisition of shareholder's loans owed by Beijing Yaxinke to the Group. Upon completion of the acquisition in August 2018, the Group's shareholding in Beijing Yaxinke was diluted from 59.85% to 35.69% and the Investor holds 64.30% equity interests in Beijing Yaxinke in aggregate. In accordance with the amended Article and Association, the board of directors of Beijing Yaxinke, the governing body which directs the relevant activities that significantly affect the return of Beijing Yaxinke, consists of seven directors which the Group and the Investor can appoint five directors and two directors, respectively, and the approval of relevant activities of Beijing Yaxinke require unanimous consent of all directors, therefore, Beijing Yaxinke is jointly controlled by the Group and the Investor and classified as interest in a joint venture. Beijing Yaxinke hold a parcels of land located in Beijing and a manufacturing plant located in Tianjin in the PRC.

For the year ended 31 December 2017

(i) During the year ended 31 December 2017, the Group disposed of its 80% equity interest in Xuzhou Binhu Garden Property Management Co., Ltd. (徐州市濱湖花園物業管理有限公司) ("Xuzhou Binhu") to an independent third party for a cash consideration of RMB3,680,000, resulting in loss of control upon completion of the transaction. The remaining 10% equity interest in Xuzhou Binhu is classified as interests in associates. Xuzhou Binhu is engaged in provision of property operation services in the PRC.

(ii) During the year ended 31 December 2017, the Group disposed of its 55.1% of equity interest in Xi'an Rongxin Property Management Co., Ltd. (西安榮鑫物業管理有限公司) ("Xi'an Rongxin") to Ms. Cui Ronghua (崔榮華), a non-controlling shareholder of a subsidiary and an independent third party, for a cash consideration of RMB10,389,000 and RMB10,000,000 respectively, resulting in loss of control upon completion of the transaction. The remaining 4.9% equity interest in Xi'an Rongxin is classified as AFS investments. Xi'an Rongxin is engaged in provision of property operation services in the PRC.

(iii) During the year ended 31 December 2017, an independent third party contributed RMB10,000,000 to Shenzhen Yixuan Technology Co., Ltd. (深圳懿軒科技有限公司) ("Shenzhen Yixuan"). After the capital injection, the equity interests, profit sharing and voting rights held by the Group was diluted from 51% to 46% and was classified as interests in joint ventures. Shenzhen Yixuan is engaged in provision of equipment leasing service in the PRC.

(iv) During the year ended 31 December 2017, the Group disposed of its 80% of equity interest in Shenzhen Yongli Hongying Investment Co., Ltd. (深圳永利鴻盈投資有限公司) ("Shenzhen Yongli") to an independent third party, for a cash consideration of RMB600,000,000, resulting in loss of control upon completion of the transaction. The remaining 1% equity interest in Shenzhen Yongli was classified as AFS investments of the Group. Shenzhen Yongli is engaged in property development in the PRC.

These transactions were accounted for as disposal of partial interests in subsidiaries resulting in loss of control.

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46. DISPOSAL OF SUBSIDIARIES (continued)

(c) Disposal of partial interests in subsidiaries resulting in loss of control (continued)

Assets and liabilities derecognised at dates of loss of control of the disposed subsidiaries were as follows:

	2018 RMB'000	2017 RMB'000
Assets and liabilities disposed at the date of loss of control of the disposed subsidiaries are as follows:		
Premium on prepaid lease payments	1,195,588	–
Prepaid lease payments	41,044	–
Property, plant and equipment	317,693	62,688
Goodwill	–	16,911
Properties for sale	–	1,308,365
Trade and other receivables	797,757	124,314
Deferred tax assets	–	5,215
Amount due from an associate	–	117,678
Amounts due to certain subsidiaries of the Company	–	156,868
Bank balances and cash	500,000	14,016
Trade and other payables	(389,189)	(286,239)
Deposits received for sale of properties	–	(36,108)
Amounts due to a joint venture	–	(694)
Amounts due to certain subsidiaries of the Company	(1,285,788)	(771,931)
Amounts due to non-controlling shareholders	–	(7,474)
Tax liabilities	–	(35,779)
Deferred tax liabilities	(298,897)	–
	878,208	667,830
Gain on disposal of subsidiaries:		
Cash received during the year	1,237,980	615,069
Cash capital injection received	500,000	10,000
Consideration receivables due within one year	–	9,000
Total consideration and capital injection	1,737,980	634,069
Non-controlling interest	151,850	1,106
Fair value of retained equity interests in:		
– interests in joint ventures (note)		
Beijing Yaxinke	721,652	–
Shenzhen Yixuan	–	44,130
– interests in associates		
Xuzhou Binhu	–	460
– AFS investments		
Xi'an Rongxin	–	1,813
Shenzhen Yongli	–	6,309
Less: Net assets disposed of	(878,208)	(667,830)
Assignment of shareholder's loan owed by Beijing Yaxinke to the Investor	(1,285,788)	–
	447,486	20,057

For the year ended 31 December 2018

46. DISPOSAL OF SUBSIDIARIES (continued)

(c) Disposal of partial interests in subsidiaries resulting in loss of control (continued)

	2018 RMB'000	2017 RMB'000
Net cash inflow arising on disposal:		
Cash consideration	1,737,980	625,069
Bank balances and cash disposed of	(500,000)	(14,016)
	1,237,980	611,053

Note: The fair value of retained equity interests in Beijing Yaxinke and Shenzhen Yixuan is estimated by an independent valuer through application of income approach and the key inputs of the valuation are the expected future cash inflows/outflows, the growth rates and the discount rates.

47. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or the future cash flows will be, classified in the Group's consolidated statement of cash flows from financing activities.

	Amounts due to joint ventures RMB'000 (note 38)	Amounts due to associates RMB'000 (note 38)	Amounts due to non-controlling shareholders of the subsidiaries of the Company RMB'000 (note 38)	Borrowings RMB'000 (note 39)	Obligation under finance leases RMB'000 (note 40)	Senior notes and bonds RMB'000 (note 41)	Assets-backed securities issued RMB'000 (note 42)	Dividend payables RMB'000	Total RMB'000
At 1 January 2018	10,000	13,513	–	9,863,645	310,992	19,804,942	227,737	–	30,230,829
Financing cash flows	(9,632)	6,458	331,607	5,424,135	(68,178)	3,248,908	26,986	(329,217)	8,631,067
Interest paid	–	–	–	(1,221,870)	–	(1,630,264)	(16,387)	–	(2,868,521)
Finance cost incurred during the year (note 9)	–	–	–	1,221,870	15,631	1,942,299	22,083	–	3,201,883
Inception of finance leases	–	–	–	–	43,678	–	–	–	43,678
Acquisition of subsidiaries (note 45)	–	–	4,243	3,734,730	–	–	–	–	3,738,973
Loss on repurchase, early redemption and modification of senior notes and bonds	–	–	–	–	–	49,325	–	–	49,325
Foreign exchange	–	–	–	133,044	3,921	792,533	–	–	929,498
Dividend declared (note 13)	–	–	–	–	–	–	–	329,217	329,217
At 31 December 2018	368	19,971	335,850	19,155,554	306,044	24,207,743	260,419	–	44,285,949
At 1 January 2017	294,157	1,061,338	–	3,367,466	112,148	18,379,625	275,084	–	23,489,818
Financing cash flows	(283,477)	(1,048,197)	–	3,815,030	(27,780)	1,824,659	(51,250)	(250,049)	3,978,936
Interest paid	–	–	–	(623,989)	–	(1,495,033)	(15,429)	–	(2,134,451)
Finance cost incurred during the year (note 9)	–	–	–	623,989	4,815	1,649,157	19,332	–	2,297,293
Inception of finance leases	–	–	–	–	221,809	–	–	–	221,809
Acquisition of subsidiaries (note 45)	14	372	–	2,781,630	–	–	–	–	2,782,016
Disposal of subsidiaries (note 46)	(694)	–	–	(10,000)	–	–	–	–	(10,694)
Loss on early redemption of senior notes	–	–	–	–	–	116,933	–	–	116,933
Foreign exchange	–	–	–	(90,481)	–	(670,399)	–	–	(760,880)
Dividend declared (note 13)	–	–	–	–	–	–	–	250,049	250,049
At 31 December 2017	10,000	13,513	–	9,863,645	310,992	19,804,942	227,737	–	30,230,829

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48. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year. The capital structure of the Group consists of net debt, which includes amounts due to joint ventures, associates and non-controlling shareholders of the subsidiaries of the Company as disclosed in note 38, borrowings as disclosed in note 39, obligations under finance leases as disclosed in note 40, senior notes and bonds as disclosed in note 41, asset-backed securities issued as disclosed in note 42, net of the cash and cash equivalents and equity attributable to owners of the Company, comprising share capital and reserves. In managing the Group's capital structure, the management will also monitor the utilisation of borrowings, senior notes and bonds and asset-backed securities issued to ensure compliance with financial covenants.

The directors of the Company review the capital structure periodically. As a part of this review, the corporate finance department reviews the planned construction projects proposed by engineering department and prepares the annual budget taking into account of the provision of funding and considers the cost of capital and the risks associated with each class of capital, the Group does not have any target gearing ratio.

The directors of the Company then assess the annual budget and consider the cost of capital and the risks associated with each class of capital. The directors of the Company also balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debts or the redemption of existing debts.

49. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2018 RMB'000	2017 RMB'000
Financial assets		
Financial assets at amortised cost	32,336,900	–
Loans and receivables (including cash and cash equivalents)	–	21,759,577
Financial assets at FVTPL	2,127,196	234,460
Equity instruments designated at FVTOCI	51,551	–
AFS investments	–	117,663
Financial liabilities		
Financial liabilities measured at amortised cost	50,872,196	37,128,887

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, amounts due from non-controlling shareholders of the subsidiaries of the Company, joint ventures and associates, financial assets at FVTPL, restricted/pledged bank deposits, bank balances and cash, AFS investments/equity instruments designated at FVTOCI, trade and other payables, amounts due to non-controlling shareholders of subsidiaries of the Company, joint ventures and associates, borrowings, senior notes and bonds and asset-backed securities issued. Details of these financial instruments are disclosed in respective notes.

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49. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

The management monitors and manages the financial risks relating to the operations of the Group through internal risk assessment which analyses exposures by degree and magnitude of risks. The risks included market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

The Group mainly has bank balances, borrowings, obligations under finance leases and senior notes which are denominated in foreign currencies of the relevant group entities, hence is exposed to exchange rate fluctuations.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the respective reporting periods are as follow:

	2018 RMB'000	**2017 RMB'000**
Assets		
USD	660,827	3,107,330
SGD	157,689	670,885
JPY	23,391	33,170
HKD	1,170,454	22,387
Liabilities		
USD	17,653,480	11,890,881
SGD	32,051	210,757
HKD	–	21,633

The Group currently does not enter into any derivative contracts to minimise the currency risk exposure. However, the management will consider hedging significant currency risk should the need arise.

Sensitivity analysis

The Group mainly exposes to the effects of fluctuation in USD, HKD, SGD and JPY against RMB.

The following table details the Group's sensitivity to a 10% (2017: 10%) increase and decrease in the RMB against the relevant foreign currencies. 10% (2017: 10%) is the sensitivity rate used in the current year when reporting foreign currency risk internally to management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% (2017: 10%) change in foreign currency rates. The sensitivity analysis includes bank balances, borrowings, obligations under finance leases and senior notes. A positive (negative) number indicates an increase (a decrease) in profit for the year where the RMB strengthens 10% (2017: 10%) against the relevant currencies. For a 10% (2017: 10%) weakening of the RMB against the relevant currencies, there would be an equal and opposite impact on the profit.

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49. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)
Market risk (continued)

(i) *Currency risk* (continued)
Foreign currency sensitivity analysis

	2018 RMB'000	2017 RMB'000
USD		
Increase in profit for the year	1,699,265	878,355
HKD		
Decrease in profit for the year	(117,045)	(75)
SGD		
Decrease in profit for the year	(12,564)	(46,013)
JPY		
Decrease in profit for the year	(2,339)	(3,317)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure at the end of the reporting period does not reflect the exposure during the year.

(ii) *Interest rate risk*
The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances and variable-rate borrowings.

The Group is also exposed to fair value interest rate risk which relates primarily to its fixed-rate loan receivables included in trade and other receivables, borrowings, obligations under finance leases, senior notes and bonds and asset-backed securities issued.

The Group currently does not use any derivative contracts to hedge its loans to interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the benchmark rates.

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49. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

(ii) Interest rate risk (continued)

Sensitivity analysis

Bank balances and restricted/pledged bank deposits

The sensitivity analysis below has been determined based on the exposure to interest rates for the bank balances and restricted/pledged bank deposits at the end of the reporting period. A 25 basis points (2017: 25 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represented management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points (2017: 25 basis points) higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2018 would have increased/decreased by RMB53,513,000 (2017: RMB30,828,000) assuming the interests on such borrowings would not be capitalised.

Variable-rate borrowings

The sensitivity analysis below has been determined based on the exposure to interest rates for the variable-rate borrowings at the end of the reporting period. A 50 basis points (2017: 50 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represented management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2017: 50 basis points) higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2018 would have decreased/increased by RMB35,597,000 (2017: RMB13,604,000), assuming the interest on such borrowings would not be capitalised.

Credit risk and impairment assessment

As at 31 December 2018, other than those financial assets whose carrying best present the maximum exposure to credit risk, the Group's maximum exposure to credit risk which will cause a financial loss to the Group arising from the amount of contingent liabilities in relation to financial guarantees provided by the Group is disclosed in note 54.

Trade receivables, contract assets and payments on behalf of residents included in other receivables

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group assesses the potential customer's credit quality then applies internal credit rating and defines credit limits by customers. The Group reviews the customer's credit quality on a timely basis and carried out monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 (2017: incurred loss model) on contract assets and payments on behalf of residents individually or based on provision matrix. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

For the year ended 31 December 2018

49. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Trade receivables, contract assets and payments on behalf of residents included in other receivables (continued)

Except for the contract assets in relation to the construction of properties for the government which is considered to be at low credit risk, the Group had no concentration of credit risk in respect of the trade receivables, contract assets and payments on behalf of residents with exposure spread over a number of counter parties.

Other receivables, amounts due from non-controlling shareholders of the subsidiaries of the Company, associates and joint ventures, restricted/pledged bank deposits and bank balances

The credit risk of other receivables, amounts due from non-controlling shareholders of the subsidiaries of the Company, associates and joint ventures are managed through an internal process. The credit quality of each counterparty is investigated before an advance is made. The Group also actively monitors the outstanding amounts owed by each debtor and identifies any credit risks in a timely manner in order to reduce the risk of a credit related loss. Further, the Group closely monitors the financial performance of the subsidiaries of the Company with these relevant non-controlling shareholders, associates and joint ventures. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 (2017: incurred loss model) on the outstanding balances individually. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

The Group's credit risk on liquid funds is limited because the counterparties are banks with high credit ratings and good reputation established in the PRC, Singapore and Japan.

Financial guarantees

For properties under development which are subject to pre-sales agreements, the Group generally typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of the properties for an amount up to 70% of the total purchase price of the property. If a purchaser defaults on the payment of its mortgage during the term of guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount of the loan and any accrued interest thereon. Under such circumstances, the Group is able to forfeit the customer's purchase deposit and sell the property to recover any amounts paid by the Group to the bank. Therefore, the management considers it would likely recover any loss incurred arising from the guarantee by the Group. The management considers the credit risk exposure to financial guarantees provided to property purchasers is limited because the facilities are secured by the properties and the market prices of the properties are higher than the guaranteed amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

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49. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Financial guarantees (continued)

The Group's internal credit risk grading assessment comprises the following categories:

2018	External credit rating	Internal credit rating	Notes	12 m or life-time ECL	Gross carrying amount RMB'000
Trade receivables					
– property development and lease receivables	N/A	(i)	33	Life-time ECL (individual assessment)	880,046
– property operation services and sales of fuel pumps	N/A	(i)	33	Life-time ECL (provision matrix)	773,991
				Life-time ECL (credit-impaired and individual assessment)	365,965
					2,020,002
Contract assets					
– construction of properties	N/A	Low risk	31	Life-time ECL (individual assessment)	380,447
– others	N/A	N/A	31	Life-time ECL (provision matrix)	81,941
					462,388
Payments on behalf of residents (included in other receivables)	N/A	(ii)	33	Life-time ECL (provision matrix)	648,373
	N/A	(ii)	33	Life-time ECL (credit-impaired and individual assessment)	262,593
					910,966
Other receivables (excluding payments on behalf of residents), amounts due from non-controlling shareholders of the subsidiaries of the Company, associates and joint ventures	N/A	(iii)	33/25	12 m ECL	1,021,266
Restricted/pledged bank deposits and bank balances	AAA	Low risk	35	12 m ECL	28,540,319
Financial guarantee contracts	N/A	Low risk	54	12 m ECL	9,789,678

Notes:

(i) Trade receivables

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk and ECL for trade receivables arising from property operation services and sale of fuel pumps, which are assessed collectively based on provision matrix as at 31 December 2018.

For trade receivables arising from property development and lease receivables, the amount of the loss allowance at 1 January 2018 and 31 December 2018 was considered as insignificant to the consolidated financial statements of the Group.

For the year ended 31 December 2018

49. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Financial guarantees (continued)

Notes: (continued)

(i) Trade receivables (continued)

For trade receivables arising from property operation services and sales of fuel pumps in which impairment loss allowance was made:

	Category	Average loss rate	Gross carrying amount RMB'000	Impairment loss allowance RMB'000
0 – 30 days	Not credit-impaired	0.5%	462,553	2,313
31 – 90 days	Not credit-impaired	2.0%	311,438	6,229
91 – 180 days	Credit-impaired		212,352	12,741
181 – 365 days	Credit-impaired		83,435	10,012
Over 1 year	Credit-impaired		70,178	31,580
			1,139,956	62,875

The estimated loss rate are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking macroeconomic data that is available without undue cost or effort.

(ii) Payments on behalf of residents

As part of the Group's credit risk management, the Group applies internal credit rating for its customers on payments on behalf of residents on a timely basis. The Group uses four categories for those receivables which reflect their credit risk.

Category	Group definition of category
Type I	Communities for which the Group have terminated or plan to terminate or non-renew of the related property management contracts because their financial performance does not meet the Group's expectations, the amounts are credit-impaired and the Group has low realistic prospect of recovery.
Type II	Communities for which the Group provides for the pre-delivery property management services for the property developers before the properties are delivered to owners, the property developers have a lower risk of default and a stronger capability to meet contractual cash flows than individual residents.
Type III	Communities where management offices' property management fee receivables due from residents exceed payments on behalf of residents of the relevant communities. The residents of the communities are diversified and have a low risk of default.
Type IV	Communities where payments on behalf of residents exceed management offices' property management fees receivables due from residents, which indicates the payments on behalf of residents are credit-impaired.

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49. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Financial guarantees (continued)

Notes: (continued)

(ii) Payments on behalf of residents (continued)

The following table provides information about the exposure to credit risk and ECL for payments on behalf of residents which are assessed collectively based on provision matrix as at 31 December 2018.

	Category	Average loss rate	Gross carrying amount RMB'000	Impairment loss allowance RMB'000
Type I	Credit-impaired		80,116	76,110
Type II	Not credit-impaired	5.0%	95,554	4,778
Type III	Not credit-impaired	1.0%	552,819	5,528
Type IV	Credit-impaired		182,477	36,495
			910,966	122,911

The estimated loss rate are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking macroeconomic data that is available without undue cost or effort.

(iii) Other receivables (excluding payments on behalf of residents), amounts due from non-controlling shareholders of the subsidiaries of the Company, associates and joint ventures

For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition. The balances of other receivables (excluding payments on behalf of residents), amounts due from non-controlling shareholders of the subsidiaries of the Company, associates and joint ventures are all not past due. In the opinion of the directors of the Company, the risk of default by these counterparties is not significant and thus the Group assessed that the ECL on these balances are insignificant.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of borrowings and ensures compliance with loan covenants.

The Group relies on amounts due to joint ventures, associates and non-controlling shareholders of subsidiaries of the Company, borrowings, senior notes and bonds and asset-backed securities issued as significant sources of liquidity.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities and obligations under finance lease. The table has been drawn up based on the undiscounted cash flows of financial liabilities and obligations under finance leases based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities and obligations under finance lease are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

For the year ended 31 December 2018

49. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity table

	Weighted average effective interest rate %	On demand or less than 1 month RMB'000	1 – 3 months RMB'000	3 months to 1 year RMB'000	1 – 5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2018								
Trade and other payables	–	3,171,826	1,711,036	1,484,890	524,539	–	6,892,291	6,892,291
Amounts due to joint ventures	–	368	–	–	–	–	368	368
Amounts due to a non-controlling shareholders	–	335,850	–	–	–	–	335,850	335,850
Amounts due to associates	–	19,971	–	–	–	–	19,971	19,971
Borrowings								
– fixed rate	9.08	597,416	1,180,609	4,967,116	4,172,796	248,717	11,166,654	9,662,982
– variable rate	7.64	223,140	566,782	1,880,608	6,547,101	1,670,425	10,888,056	9,492,572
Obligations under finance leases	4.88	6,829	13,658	61,460	206,521	56,361	344,829	306,044
Senior notes and bonds	9.43	490,473	2,924,329	6,502,467	21,872,910	–	31,790,179	24,207,743
Asset-backed securities issued	6.39	–	36,747	71,550	183,046	–	291,343	260,419
Financial guarantee contracts	–	9,789,678	–	–	–	–	9,789,678	–
		14,635,551	6,433,161	14,968,091	33,506,913	1,975,503	71,519,219	51,178,240
At 31 December 2017								
Trade and other payables	–	2,062,924	1,570,377	2,336,406	1,239,343	–	7,209,050	7,209,050
Amounts due to joint ventures	–	10,000	–	–	–	–	10,000	10,000
Amounts due to associates	–	13,513	–	–	–	–	13,513	13,513
Borrowings								
– fixed rate	8.35	188,498	374,675	1,730,629	4,881,087	64,191	7,239,080	6,235,899
– variable rate	5.20	115,667	230,963	1,027,104	2,786,231	91,088	4,251,053	3,627,746
Obligations under finance leases	4.45	5,393	10,786	48,535	208,486	86,162	359,362	310,992
Senior notes and bonds	9.08	152,214	304,425	5,683,733	26,179,137	–	32,319,509	19,804,942
Asset-backed securities issued	7.23	–	17,224	51,892	196,943	–	266,059	227,737
Financial guarantee contracts	–	7,296,670	–	–	–	–	7,296,670	–
		9,844,879	2,508,450	10,878,299	35,491,227	241,441	58,964,296	37,439,879

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

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49. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurements of financial instruments

Fair values of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

The following table gives information about how the fair values are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Fair value as at 31 December 2018 RMB'000	2017 RMB'000	Fair value hierarchy	Valuation technique and key input
Financial assets at FVTPL				
– Money market fund investments	89,196	234,460	Level 3	Market approach – Expected performance of government debentures, treasury notes, corporate bonds and short-term fixed deposits.
– Debt Instrument	2,038,000	–	Level 3	Probability weighted expected return model – Fair value is estimated based on expected value, discount rate and probability of outcome of judicial auction.
Equity instruments designated at FVTOCI	51,551	–	Level 3	Discounted cash flow – Future cash flows are estimated based on expected return, and the contracted investment costs, discounted at a rate that reflects the internal rate of return.

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49. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurements of financial instruments (continued)

Fair value of the Group's other financial assets and financial liabilities that are not measured at fair value on a recurring basis

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

	Fair value hierarchy	2018 Carrying amount RMB'000	2018 Fair value RMB'000	2017 Carrying amount RMB'000	2017 Fair value RMB'000
Senior notes	Level 1	18,226,807	15,520,865	13,087,522	13,327,690
Listed corporate bonds	Level 1	4,086,177	4,053,355	3,117,014	3,094,535
Unlisted corporate bonds	Level 3	1,894,759	1,916,019	3,600,406	3,640,712
Asset-backed securities issued	Level 3	260,419	268,483	227,737	235,251

The management of the Group estimates the fair value of other financial assets and financial liabilities measured at amortised cost using the discounted cash flows analysis.

50. OPERATING LEASE COMMITMENTS

The Group as lessee

	2018 RMB'000	2017 RMB'000
Minimum lease payments paid under operating leases in respect of rented premises during the year	21,317	50,675

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2018 RMB'000	2017 RMB'000
Within one year	22,431	43,221
In the second to the fifth year inclusive	79,315	169,698
After five years	69,215	375,614
	170,961	588,533

Operating lease payments represented rentals payable by the Group for certain offices premises and commercial properties. Leases are negotiated and rentals are fixed for terms of one to fifteen years.

For the year ended 31 December 2018

50. OPERATING LEASE COMMITMENTS (continued)

The Group as lessee (continued)

During the year ended 31 December 2018, the Group entered into a cooperative agreement with three independent third parties to establish a joint venture and engage in sub-leasing of commercial buildings. Pursuant to the cooperative agreement, upon the formation of the joint venture, all the Group's interests in the lease agreements in relation to the lease of commercial buildings located in Shanghai and the sub-leasing agreements with tenants were transferred to the joint venture.

The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2018 **RMB'000**	**2017** **RMB'000**
Within one year	192,107	234,192
In the second to the fifth year inclusive	490,377	650,187
After the fifth year	152,703	220,493
	835,187	1,104,872

Property rental income represented rentals receivable by the Group. Leases are negotiated for an average term of one to twenty years with fixed rentals.

51. CAPITAL AND OTHER COMMITMENTS

	2018 **RMB'000**	**2017** **RMB'000**
Construction commitments in respect of properties for sale contracted for but not provided in the consolidated financial statements	9,117,151	2,417,987
Construction commitments in respect of investment properties contracted for but not provided in the consolidated financial statements	1,804,001	254,390
Consideration committed in respect of acquisition of subsidiaries contracted for but not provided in the consolidated financial statements	61,106	870,720
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	29,203	23,066

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52. SHARE-BASED PAYMENT TRANSACTIONS

(a) Share option scheme of the Company

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 27 October 2009 for the primary purposes of providing incentives to certain directors and employees of the Company and its subsidiaries ("Eligible Employees"). Under the Scheme, the Board of Directors of the Company is authorised to grant options at a consideration of HKD1 per option to the Eligible Employees to subscribe for shares in the Company ("Shares").

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Scheme ("Options") and any other share option schemes of the Company shall not, in the absence of shareholders' approval, in aggregate exceed 10% of the shares of the Company in issue at any point in time. Options granted to a substantial shareholder or an independent non-executive director in excess of 0.1% of the Company's share capital or with a value in excess of HKD5 million must be approved in advance by the Company's shareholders.

The exercisable period of an option is determined by the directors of the Company at their discretion. The expiry date of the Options may be determined by the Board of Directors of the Company which shall not be later than the expiry day of the Scheme.

The exercise price is determined by the directors of the Company, and will not be less than the greater of: (i) the closing price of the Company on the offer date; (ii) the average of the closing price of the Company's shares for the five trading days immediately preceding the offer of the options and (iii) the nominal value per share of the Company.

During the year ended 31 December 2018, 151,000 share options (2017: nil) granted by the Company were lapsed.

As at 31 December 2018, the total number of shares to be issued upon the exercise of all options granted under the Scheme is 84,028,000 (2017: 85,101,000) of HKD0.1 each, representing approximately 1.5% (2017: 1.5%) of the issued share capital of the Company.

For the year ended 31 December 2018

52. SHARE-BASED PAYMENT TRANSACTIONS (continued)

(a) Share option scheme of the Company (continued)

Details of the share options granted under the Scheme is as follows:

Category of grantees	Date of grant	Exercise price per share HKD	Vesting period	Exercisable period
Directors	29 August 2011	0.836	29/8/2011 – 28/8/2012	29/8/2012 – 28/8/2021
			29/8/2011 – 28/8/2013	29/8/2013 – 28/8/2021
			29/8/2011 – 28/8/2014	29/8/2014 – 28/8/2021
	16 October 2012	0.8	16/10/2012 – 15/10/2013	16/10/2013 – 15/10/2022
			16/10/2012 – 15/10/2014	16/10/2014 – 15/10/2022
			16/10/2012 – 15/10/2015	16/10/2015 – 15/10/2022
Employees	29 August 2011	0.836	29/8/2011 – 28/8/2012	29/8/2012 – 28/8/2021
			29/8/2011 – 28/8/2013	29/8/2013 – 28/8/2021
			29/8/2011 – 28/8/2014	29/8/2014 – 28/8/2021
	16 October 2012	0.8	16/10/2012 – 15/10/2013	16/10/2013 – 15/10/2022
			16/10/2012 – 15/10/2014	16/10/2014 – 15/10/2022
			16/10/2012 – 15/10/2015	16/10/2015 – 15/10/2022

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52. SHARE-BASED PAYMENT TRANSACTIONS (continued)

(a) Share option scheme of the Company (continued)

The following table discloses movements of the Company's share options held by employees and directors during the years ended 31 December 2018 and 2017:

Category of grantees	Date of grant	Vesting period	Outstanding at 1 January 2017	Granted during the year	Lapsed during the year	Exercised during the year	Outstanding at 31 December 2017	Granted during the year	Lapsed during the year	Exercised during the year	Outstanding at 31 December 2018
Directors	29 August 2011	29/8/2011 – 28/8/2012	1,158,000	–	–	–	1,158,000	–	–	–	1,158,000
		29/8/2011 – 28/8/2013	2,617,000	–	–	–	2,617,000	–	–	–	2,617,000
		29/8/2011 – 28/8/2014	7,805,000	–	–	–	7,805,000	–	–	–	7,805,000
	16 October 2012	16/10/2012 – 15/10/2013	1,435,000	–	–	–	1,435,000	–	–	–	1,435,000
		16/10/2012 – 15/10/2014	3,067,000	–	–	–	3,067,000	–	–	–	3,067,000
		16/10/2012 – 15/10/2015	9,848,000	–	–	–	9,848,000	–	–	–	9,848,000
			25,930,000	–	–	–	25,930,000	–	–	–	25,930,000
Employees	29 August 2011	29/8/2011 – 28/8/2012	2,861,000	–	–	(21,000)	2,840,000	–	(15,000)	(85,000)	2,740,000
		29/8/2011 – 28/8/2013	5,421,000	–	–	(43,000)	5,378,000	–	(30,000)	(170,000)	5,178,000
		29/8/2011 – 28/8/2014	20,330,000	–	–	(150,000)	20,180,000	–	(106,000)	(593,000)	19,481,000
	16 October 2012	16/10/2012 – 15/10/2013	3,078,000	–	–	(1,000)	3,077,000	–	–	(7,000)	3,070,000
		16/10/2012 – 15/10/2014	5,960,000	–	–	(2,000)	5,958,000	–	–	(15,000)	5,943,000
		16/10/2012 – 15/10/2015	21,746,000	–	–	(8,000)	21,738,000	–	–	(52,000)	21,686,000
			59,396,000	–	–	(225,000)	59,171,000	–	(151,000)	(922,000)	58,098,000
Total			85,326,000	–	–	(225,000)	85,101,000	–	(151,000)	(922,000)	84,028,000
Exercisable at the end of the year							85,101,000				84,028,000
Weighted average exercise price (HKD)							0.82				0.82
Weighted average exercise price at the date of exercise (HKD)						0.83				0.83	

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52. SHARE-BASED PAYMENT TRANSACTIONS (continued)

(a) Share option scheme of the Company (continued)

The closing price of the shares on the date of grant was HKD0.82 at 29 August 2011 and HKD0.77 at 16 October 2012. Binomial Option Pricing Model had been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the Company's best estimate. The value of an option varies with different variables of certain subjective assumptions. The inputs into the model are as follows:

	16 October 2012	**29 August 2011**
Market price	HKD0.77	HKD0.820
Exercise price	HKD0.80	HKD0.836
Expected volatility	44.87%	40.43%
Risk-free rate	0.66%	1.74%
Expected dividend yield	5.12%	4.878%

The estimated fair value of the options at the date of grant was RMB16,174,000 on 29 August 2011 and RMB13,682,000 on 16 October 2012, respectively. The Group did not recognise any expense for the years ended 31 December 2018 and 2017 in relation to share options granted by the Company.

(b) Share option scheme of Colour Life

Colour Life, a non-wholly owned subsidiary of the Company, operates a share option scheme (the "Colour Life's Scheme"). The Colour Life's Scheme was adopted pursuant to a resolution passed on 11 June 2014 for the primary purposes of providing incentives to certain directors and employees of the Colour Life and its subsidiaries and non-controlling shareholders of certain subsidiaries of Colour Life ("Eligible Persons"). Under the Colour Life's Scheme, the Board of Directors of Colour Life is authorised to grant options at a consideration of HKD1 per option respectively to the Eligible Persons to subscribe for shares of Colour Life ("Colour Life's Shares").

The maximum number of Colour Life's Shares which may be issued upon exercise of all options to be granted under the Colour Life's Scheme ("Colour Life's Options") and any other share option schemes of Colour Life shall not, in the absence of shareholders' approval, in aggregate exceed 10% of the shares of Colour Life in issue at any point in time. Colour Life's Options granted to a substantial shareholder or an independent non-executive director in excess of 0.1% of Colour Life's share capital or with a value in excess of HKD5 million must be approved in advance by Colour Life's shareholders.

The exercisable period of an option is determined by the directors of Colour Life at their discretion. The expiry date of Colour Life's Options may be determined by the Board of Directors of Colour Life which shall not be later than the expiry day of Colour Life's Scheme.

The exercise price is determined by the directors of Colour Life, and will not be less than the greater of: (i) the closing price of Colour Life on the offer date; (ii) the average of the closing price of Colour Life's shares for the five trading days immediately preceding the offer of Colour Life's options and (iii) the nominal value per share of Colour Life.

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52. SHARE-BASED PAYMENT TRANSACTIONS (continued)

(b) Share option scheme of Colour Life (continued)

As at 31 December 2018, the total number of Colour Life's shares to be issued upon the exercise of all options granted under the Colour Life's Scheme is 85,730,000 (2017: 80,678,000) of HKD0.1 each, representing approximately 6.5% (2017: 8.1%) of the issued share capital of Colour Life.

Details of the share options granted under Colour Life's Scheme is as follows:

Category of grantees	Date of grant	Exercise price per share HKD	Vesting period	Exercisable period
Directors	29 September 2014	6.66	N/A	29/9/2014 – 28/9/2024
			29/9/2014 – 28/9/2015	29/9/2015 – 28/9/2024
			29/9/2014 – 28/9/2016	29/9/2016 – 28/9/2024
			29/9/2014 – 28/9/2017	29/9/2017 – 28/9/2024
	30 April 2015	11.00	30/4/2015 – 29/4/2016	30/4/2016 – 29/4/2025
			30/4/2015 – 29/4/2017	30/4/2017 – 29/4/2025
			30/4/2015 – 29/4/2018	30/4/2018 – 29/4/2025
	18 March 2016	5.76	18/3/2016 – 17/3/2017	18/3/2017 – 17/3/2026
			18/3/2016 – 17/3/2018	18/3/2018 – 17/3/2026
			18/3/2016 – 17/3/2019	18/3/2019 – 17/3/2026
	27 November 2018	4.11	27/11/2018 – 26/11/2019	27/11/2019 – 26/11/2029
			27/11/2018 – 26/11/2020	27/11/2020 – 26/11/2029
			27/11/2018 – 26/11/2021	27/11/2021 – 26/11/2029
Employees and non-controlling shareholders of certain subsidiaries	29 September 2014	6.66	N/A	29/9/2014 – 28/9/2024
			29/9/2014 – 28/9/2015	29/9/2015 – 28/9/2024
			29/9/2014 – 28/9/2016	29/9/2016 – 28/9/2024
			29/9/2014 – 28/9/2017	29/9/2017 – 28/9/2024
	30 April 2015	11.00	30/4/2015 – 29/4/2016	30/4/2016 – 29/4/2025
			30/4/2015 – 29/4/2017	30/4/2017 – 29/4/2025
			30/4/2015 – 29/4/2018	30/4/2018 – 29/4/2025
	18 March 2016	5.76	18/3/2016 – 17/3/2017	18/3/2017 – 17/3/2026
			18/3/2016 – 17/3/2018	18/3/2018 – 17/3/2026
			18/3/2016 – 17/3/2019	18/3/2019 – 17/3/2026
	27 November 2018	4.11	27/11/2018 – 26/11/2019	27/11/2019 – 26/11/2029
			27/11/2018 – 26/11/2020	27/11/2020 – 26/11/2029
			27/11/2018 – 26/11/2021	27/11/2021 – 26/11/2029

52. SHARE-BASED PAYMENT TRANSACTIONS (continued)

(b) Share option scheme of Colour Life (continued)

The following table of the Company discloses movements of Colour Life's share options held by Eligible Persons during the year ended 31 December 2018 and 2017:

Category of grantees	Date of grant	Vesting period	Outstanding at 1 January 2017	Granted during the year	Lapsed during the year	Exercised during the year	Outstanding at 31 December 2017	Granted during the year	Lapsed during the year	Exercised during the year	Outstanding at 31 December 2018
Directors	29 September 2014	N/A	520,000	–	–	–	520,000	–	–	–	520,000
		29/9/2014 – 28/9/2015	1,064,000	–	–	–	1,064,000	–	–	(50,000)	1,014,000
		29/9/2014 – 28/9/2016	1,064,000	–	–	–	1,064,000	–	–	(50,000)	1,014,000
		29/9/2014 – 28/9/2017	548,000	–	–	–	548,000	–	–	(50,000)	498,000
	30 April 2015	30/4/2015 – 29/4/2016	436,000	–	–	–	436,000	–	(60,000)	–	376,000
		30/4/2015 – 29/4/2017	435,000	–	–	–	435,000	–	(60,000)	–	375,000
		30/4/2015 – 29/4/2018	435,000	–	–	–	435,000	–	(60,000)	–	375,000
	18 March 2016	18/3/2016 – 17/3/2017	427,000	–	–	–	427,000	–	(20,000)	(40,000)	367,000
		18/3/2016 – 17/3/2018	426,000	–	–	–	426,000	–	(20,000)	(40,000)	366,000
		18/3/2016 – 17/3/2019	426,000	–	–	–	426,000	–	(20,000)	(40,000)	366,000
	27 November 2018	27/11/2018 – 26/11/2019	–	–	–	–	–	934,000	–	–	934,000
		27/11/2018 – 26/11/2020	–	–	–	–	–	933,000	–	–	933,000
		27/11/2018 – 26/11/2021	–	–	–	–	–	933,000	–	–	933,000
			5,781,000	–	–	–	5,781,000	2,800,000	(240,000)	(270,000)	8,071,000
Employees and non–controlling shareholders of certain subsidiaries	29 September 2014	N/A	5,535,000	–	(189,000)	–	5,346,000	–	–	(1,203,000)	4,143,000
		29/9/2014 – 28/9/2015	11,623,000	–	(545,000)	–	11,078,000	–	–	(2,519,000)	8,559,000
		29/9/2014 – 28/9/2016	11,623,000	–	(545,000)	–	11,078,000	–	–	(2,519,000)	8,559,000
		29/9/2014 – 28/9/2017	5,968,000	–	(357,000)	–	5,611,000	–	–	(1,313,000)	4,298,000
	30 April 2015	30/4/2015 – 29/4/2016	6,244,000	–	(511,000)	–	5,733,000	–	–	–	5,733,000
		30/4/2015 – 29/4/2017	6,243,000	–	(511,000)	–	5,732,000	–	–	–	5,732,000
		30/4/2015 – 29/4/2018	6,243,000	–	(511,000)	–	5,732,000	–	–	–	5,732,000
	18 March 2016	18/3/2016 – 17/3/2017	10,484,000	–	(2,288,000)	–	8,196,000	–	(7,000)	(2,109,000)	6,080,000
		18/3/2016 – 17/3/2018	10,484,000	–	(2,288,000)	–	8,196,000	–	(7,000)	(2,109,000)	6,080,000
		18/3/2016 – 17/3/2019	10,483,000	–	(2,288,000)	–	8,195,000	–	(8,000)	(2,109,000)	6,078,000
	27 November 2018	27/11/2018 – 26/11/2019	–	–	–	–	–	5,555,000	–	–	5,555,000
		27/11/2018 – 26/11/2020	–	–	–	–	–	5,555,000	–	–	5,555,000
		27/11/2018 – 26/11/2021	–	–	–	–	–	5,555,000	–	–	5,555,000
			84,930,000	–	(10,033,000)	–	74,897,000	16,665,000	(22,000)	(13,881,000)	77,659,000
Total			90,711,000	–	(10,033,000)	–	80,678,000	19,465,000	(262,000)	(14,151,000)	85,730,000
Exercisable at the end of the year							57,268,000				59,821,000
Weighted average exercise price (HKD)							6.92				6.55
Weighted average exercise price at the date of exercise (HKD)						–				5.69	

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52. SHARE-BASED PAYMENT TRANSACTIONS (continued)

(b) Share option scheme of Colour Life (continued)

The closing price of Colour Life's shares on the date of grant was HKD6.66 on 29 September 2014, HKD10.88 on 30 April 2015, HKD5.76 on 18 March 2016 and HKD4.11 on 27 November 2018, respectively. Binomial Option Pricing Model had been used to estimate the fair value of Colour Life's options. The variables and assumptions used in computing the fair value of the share options are based on Colour Life's best estimate. The value of Colour Life's option varies with different variables of certain subjective assumptions. The inputs into the model are as follows:

	27 November 2018	**18 March 2016**	**30 April 2015**	**29 September 2014**
Market price	HKD4.11	HKD5.76	HKD10.88	HKD6.66
Exercise price	HKD4.41	HKD5.76	HKD11.00	HKD6.66
Expected volatility	52.95%	46.20%	46.26%	48.82%
Risk-free rate	2.28%	1.27%	1.63%	2.01%
Expected dividend yield	1.85%	1.55%	0.83%	0.01%

The estimated fair value of the options at the date of grant was RMB114,820,000 on 29 September 2014, RMB104,714,000 on 30 April 2015, RMB72,023,000 on 18 March 2016 and RMB36,249,000 on 27 November 2018, respectively. Colour Life recognised the total expense of RMB10,788,000 (2017: RMB45,303,000) in share option reserve of Colour Life included in non-controlling interests for the year ended 31 December 2018 in relation to share options granted by Colour Life.

(c) Share option scheme of Morning Star

Morning Star, a wholly-owned subsidiary of the Company, operates a share option scheme (the "Morning Star's Scheme"). The Morning Star's Scheme was adopted pursuant to a resolution passed on 24 December 2015 for the primary purposes of providing incentives to certain directors and employees of the Morning Star and its subsidiaries ("Morning Star's Eligible Employees"). According to the Morning Star's Scheme, the Board of Directors of Morning Star is authorised to grant options at a consideration of HKD1 per option respectively to the Morning Star's Eligible Employees to subscribe for shares of Morning Star ("Morning Star's Shares").

The exercisable period of an option is determined by the directors of Morning Star at their discretion. The expiry date of Morning Star's Options may be determined by the Board of Directors of Morning Star which shall not be later than the expiry day of Morning Star's Scheme.

As at 31 December 2018, the total number of Morning Star's shares to be issued upon the exercise of all options granted under the Morning Star's Scheme is 2,000,000 (2017: 5,000,000) of HKD1 each, representing approximately 2% (2017: 5%) of the issued share capital of Morning Star.

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52. SHARE-BASED PAYMENT TRANSACTIONS (continued)

(c) Share option scheme of Morning Star (continued)

Details of the share options granted under Morning Star's Scheme is as follows:

Category of grantees	Date of grant	Granted	Vesting period	Exercisable period	Vesting condition
Employees	24 December 2015	2,000,000	25/12/2015 – 30/3/2017	1/4/2017 – 30/4/2017	The net profit of Morning Star for year ending 31 December 2016 meets RMB10,000,000
		3,000,000	25/12/2015 – 30/3/2018	1/4/2018 – 30/4/2018	The net profit of Morning Star for year ending 31 December 2017 meets RMB20,000,000
		2,000,000	25/12/2015 – 30/3/2019	1/4/2019 – 30/4/2019	The net profit of Morning Star for year ending 31 December 2018 meets RMB40,000,000

The following table of the Company discloses movements of Morning Star's share options held by Eligible Employees during the years ended 31 December 2018 and 2017:

Category of grantees	Date of grant	Vesting period	Outstanding at 1 January 2017	Granted during the year	Lapsed during the year	Exercised during the year	Outstanding at 31 December 2017	Granted during the year	Lapsed during the year	Exercised during the year	Outstanding at 31 December 2018
Employees	24 December 2015	25/12/2015 – 30/3/2017	2,000,000	–	(2,000,000)	–	–	–	–	–	–
		25/12/2015 – 30/3/2018	3,000,000	–	–	–	3,000,000	–	(3,000,000)	–	–
		25/12/2015 – 30/3/2019	2,000,000	–	–	–	2,000,000	–	–	–	2,000,000
Total			7,000,000	–	(2,000,000)	–	5,000,000	–	(3,000,000)	–	2,000,000
Exercisable at the end of the year							–				–

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52. SHARE-BASED PAYMENT TRANSACTIONS (continued)

(c) Share option scheme of Morning Star (continued)

Binomial Option Pricing Model had been used to estimate the fair value of these share-based payment transactions with cash alternative arrangements. The estimated fair value of the share options of Morning Star is RMB5,743,000 which represented the goods or services received from the Morning Star's Eligible Employees. The variables and assumptions used in computing the fair value of the share options are based on the management of the Company's best estimate. The expected volatility is based on the historical annualised daily volatilities of comparable companies as if the same sector. Risk-free rate is based on the yield of HK Hong Kong Exchange Fund Notes as of valuation date as quoted from Bloomberg. The value of an option varies with different variables of certain subjective assumptions. The inputs into the model are as follows:

	24 December 2015
Share price	HKD1.85
Exercise price	HKD1.00
Expected volatility	45.5% – 54.6%
Risk-free rate	0.25% – 0.84%
Expected dividend yield	0.0%

Morning Star recognised the total expense of RMB773,000 (2017: RMB1,913,000) in share option reserve of Morning Star included in non-controlling interests for the year ended 31 December 2018 in relation to share options granted by Morning Star.

(d) Share award scheme of Colour Life

On 4 July 2016, a share award scheme (the "Colour Life's Share Award Scheme") was adopted by Colour Life, to certain employees and consultants of Colour Life, a non-wholly owned subsidiary of the Company, as incentives or rewards for their contribution or potential contribution to Colour Life. The shares to be awarded are repurchased and held by an independent trustee appointed by Colour Life ("Trustee").

Up to 31 December 2017, total of 1,766,000 of Colour Life's shares were acquired by the Trustee for the Colour Life's Share Award Scheme at a consideration of RMB9,010,000 in aggregate. During the year ended 31 December 2018, all of 1,766,000 of Colour Life's shares were awarded to eligible employees for their satisfactory performance. The fair value of the awarded shares at the date of grant of RMB5,909,000 was recognised as expenses.

During the year ended 31 December 2018, total of 1,597,000 of Colour Life's Shares were acquired by the Trustee for the Colour Life's Share Award Scheme at a consideration of RMB5,585,000. Up to 31 December 2018, total of 1,597,000 of Colour Life's Shares acquired have not been awarded to eligible employees or consultants of Colour Life.

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53. RETIREMENT BENEFITS PLANS

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The Group contributes certain percentage of relevant payroll costs to the Mandatory Provident Fund Scheme, which contribution is matched by employees.

The employees of the Group in the PRC are members of state-managed retirement benefit scheme operated by the PRC Government. The Company's subsidiaries are required to contribute a certain percentage of payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the scheme is to make the required contributions under the scheme.

The total cost charged to the consolidated statement of profit or loss and other comprehensive income of RMB250,027,000 (2017: RMB148,927,000) respectively, represented contributions from the continuing operation payable to the scheme.

54. CONTINGENT LIABILITIES

	2018 **RMB'000**	**2017** **RMB'000**
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	9,789,678	7,296,670

The Group had provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with accrued interests thereon and any penalty owed by the defaulted purchasers to banks. The Group is then entitled to take over the legal title of the related properties. The guarantee period commences from the dates of grant of the relevant mortgage loans and ends after the buyer obtained the individual property ownership certificate.

In the opinion of the directors, the possibility of the default of the purchasers is remote and the fair value of guarantee contracts is insignificant at the inception and at the end of each reporting period.

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55. RELATED PARTY DISCLOSURES

During the year, in addition to those disclosed in elsewhere in the consolidated financial statements, the Group had following significant transactions with related parties:

(a) Related party transactions

Related parties	Relationship	Transactions	2018 RMB'000	2017 RMB'000
Wanxiangmei	A subsidiary of Shenzhen Wanxiang, a previous joint venture of the Group and acquired by the Group on 29 December 2017 (note 45(b))	Consultancy service fee income	N/A	92,933
Shenzhen Wanxiang	A previous joint venture of the Group and acquired by the Group on 29 December 2017 (note 45(b))	Management fee income	N/A	7,920
Shenzhen Cube Architecture Designing Consultants Co., Ltd. (深圳市立方建築設計顧問有限公司) ("Shenzhen Cube")	An associate of Shenzhen Tiankuo Investment Development Co., Ltd. (深圳市天闊投資發展有限公司) ("Shenzhen Tiankuo"), a related company controlled by Ms. Zeng Jie, Baby, the controlling shareholder and director of the Company	Design service fee expense	61	1,814
Shenzhen Cube	An associate of Shenzhen Tiankuo, a related company controlled by Ms. Zeng Jie, Baby, the controlling shareholder and director of the Company	Rental income	964	964
Shenzhen Colour Pay Network Technology Co., Ltd.	A related company controlled by Mr. Pan Jun, a director and the chief executive officer of the Company	Commission income	40,272	19,408

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55. RELATED PARTY DISCLOSURES (continued)

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year is as follows:

	2018 RMB'000	2017 RMB'000
Short-term benefits	94,977	91,189
Post-employment benefits	24,188	21,637
	119,165	112,826

(c) Others

(i) As at 31 December 2018, certain directors of the Company provided joint guarantees to the banks and trust company to secure the Group's bank and other borrowings amounting to RMB846,000,000 (2017: RMB795,969,000) in aggregate.

(ii) During the year ended 31 December 2018, the Group had sold certain properties to its key management personnel of the Group, at a cash consideration of RMB8,021,000 (2017: RMB45,947,000).

56. MAJOR NON-CASH TRANSACTIONS

During the years ended 31 December 2018 and 2017, pursuant to the agreements entered into with the Group's certain fellow subsidiaries and independent property developers, all of which are customers of the Group, these customers agreed to dispose of their properties to the Group for the settlement of trade receivables due to the Group.

The carrying amounts of trade receivables which were settled by transfer of investment properties to the Group during the reporting period are as follows:

	2018 RMB'000	2017 RMB'000
Trade receivables due from:		
Fellow subsidiaries	–	6,417
Independent third party customers	60,271	3,336
	60,271	9,753

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57. PLEDGE OF ASSETS

The following assets were pledged to secure certain banking and other facilities granted to the Group at the end of the reporting period:

	2018 RMB'000	2017 RMB'000
Properties for sale	6,374,242	2,139,194
Investment properties	2,484,166	2,150,253
Pledged bank deposits	988,457	377,176
Property, plant and equipment	132,278	295,167
Prepaid lease payments	75,784	–
	10,054,927	4,961,790

The Group's equity interests in certain subsidiaries have been pledged to secure certain banking and other facilities granted to the Group.

58. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

(a) Material subsidiaries of the Company

Particulars of principal subsidiaries indirectly held, unless otherwise stated, by the Company as at 31 December 2018 and 2017 are as follows:

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share/ registered capital RMB'000	Effective interest held by the Group 2018	Effective interest held by the Group 2017	Principal activities	Legal form
Colour Life Δ &	The Cayman Islands 16 March 2011	84,313	55.35%	50.39%	Investment holding	Limited liability company
Fantasia Group China*	The PRC 20 January 2006	1,624,844	100%	100%	Investment holding	Limited liability company
Shenzhen Colour Life*#	The PRC 25 August 2006	100,000	55.35%	50.39%	Provision of property operation services	Limited liability company
深圳市花樣年地產集團有限公司 Shenzhen Huayangnian Property Development Group Co., Ltd*	The PRC 28 September 1996	150,000	100%	100%	Investment holding	Limited liability company
南京花樣年房地產開發有限公司 Nanjing Fantasia Real Estate Investment Development Co., Ltd.*	The PRC 25 February 2011	661,253	100%	100%	Property development and property investment	Limited liability company

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58. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(a) Material subsidiaries of the Company (continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share/ registered capital RMB'000	Effective interest held by the Group 2018	2017	Principal activities	Legal form
深圳市花樣年房地產開發有限公司 Shenzhen Fantasia Real Estate Co., Ltd.*	The PRC 20 April 2006	320,000	100%	100%	Property development	Limited liability company
深圳市金地盈投資有限公司 Shenzhen Jindiying Investing Co., Ltd.*	The PRC 23 August 2005	10,000	81%	81%	Property development	Limited liability company
慈溪嘉年鴻迪房地產開發有限公司 Cixi Jianian Real Estate Co., Ltd.*	The PRC 25 May 2017	10,000	100%	100%	Property development	Limited liability company
武漢華通置業發展有限公司 Wuhan Huatong Property Co., Ltd.*	The PRC 15 March 1999	645,170	100%	100%	Property development and property investment	Limited liability company
蘇州花萬裡房地產開發有限公司 Suzhou Huawanli Real Estate Co., Ltd.*	The PRC 9 September 2009	180,000	100%	100%	Property development	Limited liability company
桂林聚豪房地產開發有限公司 Guilin Juhao Property Development Co., Ltd.*	The PRC 14 November 2007	250,000	100%	100%	Property development	Limited liability company
成都望叢房地產開發有限公司 Chengdu Wangcong Property Development Co., Ltd.*	The PRC 28 June 2014	394,000	100%	100%	Property development	Limited liability company
蘇州銀莊置地有限公司 Suzhou Yinzhuang Real Estate Co., Ltd.*	The PRC 25 January 2006	500,000	100%	100%	Property development and property investment	Limited liability company
惠州TCL房地產開發有限公司 Huizhou TCL Property Development Co., Ltd.*	The PRC 29 December 2004	100,000	100%	100%	Property development	Limited liability company
武漢TCL置地投資有限公司 Wuhan TCL Real Estate Investment Co., Ltd.*	The PRC 06 May 2011	30,000	100%	100%	Property development and property investment	Limited liability company
武漢TCL康城房地產開發有限公司 Wuhan TCL Kangcheng Property Development Co., Ltd.*	The PRC 12 September 2012	10,000	100%	100%	Property development	Limited liability company
南京花樣城房地產開發有限公司 Nanjing Huayang City Property Development Co., Ltd*	The PRC 25 February 2011	50,000	100%	100%	Property development and property investment	Limited liability company

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58. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(a) Material subsidiaries of the Company (continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share/ registered capital RMB'000	Effective interest held by the Group 2018	2017	Principal activities	Legal form
天津松江花樣年置業有限公司 Tianjin Songjiang Huayangnian Properties Co., Ltd*	The PRC 29 May 2006	50,000	60%	60%	Property development and property investment	Limited liability company
成都花樣清江房地產開發有限公司 Chengdu Huangyang Qingjiang Property Development Co., Ltd*	The PRC 23 April 2018	420,000	100%	N/A	Property development	Limited liability company
安寧花千里房地產開發有限公司 An'ning Huaqianli Property Development Co., Ltd*	The PRC 20 March 2018	10,000	63%	N/A	Property development	Limited liability company
成都花樣家置業有限公司 Chengdu Huayangjia Properties Co., Ltd*	The PRC 9 April 2018	180,000	100%	N/A	Property development	Limited liability company
成都禦府房地產開發有限公司 Chengdu Yufu Property Development Co., Ltd*	The PRC 2 August 2010	10,000	100%	100%	Property investment	Limited liability company
天津花樣年房地產開發有限公司 Tianjin Huayangnian Property Development Co., Ltd*	The PRC 1 January 2013	306,495	100%	100%	Property investment	Limited liability company
武漢美樂居置業有限公司 Wuhan Meileju Property Development Co., Ltd. *	The PRC 21 November 2014	10,000	50.10%	50.10%	Property development	Limited liability company
北油電控燃油噴射系統(天津)有限公司 Beiyou Electronic Fuel Injection System (Tianjin) Co., Ltd.*	The PRC 12 December 2017	50,000	100%	100%	Manufacturing and sale of fuel pumps	Limited liability company
寧夏回族自治區新聖基建築工程有限公司 Ningxia Huizu Xinshengji Engineering Project Co., Ltd.*	The PRC 22 July 2009	100,000	100%	100%	Provision of property operation services	Limited liability company
深圳市彩生活物業管理有限公司 Shenzhen Colour Life Property Management Co., Ltd.*#	The PRC 11 December 2000	35,000	55.35%	50.39%	Provision of property operation services	Limited liability company
深圳市彩生活網絡服務有限公司 Shenzhen Colour Life Network Services Co., Ltd.*#	The PRC 12 June 2007	90,000	55.35%	50.39%	Provision of property operation services	Limited liability company

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58. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(a) Material subsidiaries of the Company (continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share/ registered capital RMB'000	Effective interest held by the Group 2018	2017	Principal activities	Legal form
深圳市開元同濟樓宇科技有限公司 Shenzhen Kaiyuan Tongji Building Science & Technology Co., Ltd.*#	The PRC 15 November 2001	5,000	55.35%	50.39%	Provision of engineering services	Limited liability company
深圳市開元國際物業管理有限公司 Shenzhen Kaiyuan International Property Management Co., Ltd.*#	The PRC 19 Oct 2000	50,000	55.35%	50.39%	Provision of property operation services	Limited liability company
Chengdu Tourism*	The PRC 07 September 2006	1,921,386	70%	70%	Property development	Limited liability company
Tianjin Huaqianli*	The PRC 22 December 2010	941,667	60%	60%	Property development and property investment	Limited liability company
Guilin Wanhao*	The PRC 14 November 2007	357,143	70%	70%	Property development and property investment	Limited liability company
Sichuan Hanfeng*	The PRC 23 July 2008	594,750	55%	55%	Property development and investment	Limited liability company
Wanxiangmei*#&	The PRC 8 May 2015	50,000	55.35%	100%	Provision of property operation service	Limited liability company
Nanjing Zhongchu*	The PRC 10 January 2013	240,000	70%	70%	Property development	Limited liability company
Wuhan Zhongsenhua*	The PRC 14 June 2011	100,000	100%	100%	Property development	Limited liability company
Sichuan Ximei *^	The PRC 7 June 2004	427,500	51%	N/A	Property development	Limited liability company
Tangshan Jinsheng*^	The PRC 26 March 2016	5,000	51%	N/A	Property development	Limited liability company
Taicang Qihao*	The PRC 12 February 2007	150,000	100%	100%	Property investment	Limited liability company
Chengdu Qianyin*	The PRC 09 June 2010	60,000	100%	100%	Property investment	Limited liability company

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58. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(a) Material subsidiaries of the Company (continued)

* The English name is for identification purpose only.

These subsidiaries were held by a non-wholly owned subsidiary of the Company namely Colour Life as at 31 December 2018 and 2017.

^ These subsidiaries were acquired during the year ended 31 December 2018. Details are set out in note 45(a) and (b).

Δ Except for the subsidiary directly held by the Company, all other subsidiaries are indirectly owned by the Company.

& The change in effective interests in Colour Life and Wanxiangmei during the year ended 31 December 2018 were disclosed in note viii to the consolidated statement of changes in equity and note 46(b).

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results, assets or debt securities of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Except for Fantasia Group China and Shenzhen Colour Life, none of the subsidiaries had issued debt securities at the end of the year.

(b) Composition of the Group

Information about the subsidiaries of the Company that are not material to the Group at the end of each reporting period is as follow:

Principal activities	**Principal place of business**	**Number of subsidiaries**	
		2018	**2017**
Investment holding	BVI	20	20
	Hong Kong	19	19
	PRC	18	18
	USA	5	4
	Singapore	1	1
	Cayman	1	1
Property development	PRC	188	144
	Singapore	1	1
Property investment	PRC	2	1
	Japan	1	1
	USA	1	1
Property agency services	PRC	1	1
Property operation services	PRC	121	121
Hotel operations	PRC	5	5
	USA	1	1
Other operations	Hong Kong	5	4
	PRC	2	4
	Macao	1	1
		393	348

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58. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(c) Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Company as at 31 December 2018 and 2017 that have material non-controlling interests.

Name of subsidiary	Place of incorporation and principal place of business	Ownership interests and rights held by non-controlling interests		Profit (loss) attributable to non-controlling interests		Accumulated non-controlling interests	
		2018	2017	2018	2017	2018	2017
				RMB'000	RMB'000	RMB'000	RMB'000
Colour Life and its subsidiaries	PRC	44.65%	49.61%	247,362	189,070	1,507,175	1,792,438
Chengdu Tourism	PRC	30%	30%	2,602	–	857,825	855,223
Sichuan Hanfeng	PRC	45%	45%	(30,095)	16,977	718,388	748,483
Sichuan Ximei	PRC	49%	N/A	105,066	N/A	494,875	N/A
				324,935	206,047	3,578,263	3,396,144
Individually immaterial subsidiaries with non-controlling interests				114,910	49,348	2,912,718	1,664,970
				439,845	255,395	6,490,981	5,061,114

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58. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(c) Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

Summarised financial information in respect of Company's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represented amounts before intra-group eliminations.

	Colour Life and its subsidiaries		**Chengdu Tourism**	
	2018	**2017**	**2018**	**2017**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Current assets	5,783,563	4,648,122	3,651,737	3,444,248
Non-current assets	4,282,730	4,163,987	956,679	967,284
Current liabilities	(4,593,616)	(2,849,858)	(1,429,069)	(1,560,789)
Non-current liabilities	(2,216,538)	(2,457,072)	(319,929)	–
Equity attributable to owners of the Company	1,748,964	1,712,741	2,001,593	1,995,520
Non-controlling interests	1,507,175	1,792,438	857,825	855,223
Revenue	3,613,658	1,628,698	239,442	365,950
Expenses	(3,095,631)	(1,278,049)	(230,767)	(325,026)
Profit for the year	518,027	350,649	8,675	40,924
Profit attributable to the owners of the Company	270,665	161,579	6,073	40,924
Profit attributable to the non-controlling interests	247,362	189,070	2,602	–
Net cash inflow (outflow) from operating activities	537,690	141,159	(168,095)	149,044
Net cash inflow (outflow) from investing activities	122,270	2,731	(13,091)	(815)
Net cash inflow (outflow) from financing activities	150,662	950,110	161,507	(97,578)
Net cash inflow (outflow)	810,622	1,094,000	(19,679)	50,651

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58. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(c) Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

	Sichuan Hanfeng		**Sichuan Ximei**	
	2018	**2017**	**2018**	**2017**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Current assets	5,977,095	3,270,738	7,732,717	N/A
Non-current assets	378,138	375,444	350,318	N/A
Current liabilities	(3,785,700)	(957,731)	(7,073,086)	N/A
Non-current liabilities	(973,116)	(1,025,156)	–	N/A
Equity attributable to owners of the Company	878,029	914,812	515,074	N/A
Non-controlling interests	718,388	748,483	494,875	N/A
Revenue	–	–	691,909	N/A
Change in fair value of investment properties	10,456	220,623	–	N/A
Expenses	(77,334)	(96,264)	(477,488)	N/A
(Loss) profit for the year	(66,878)	124,359	214,421	N/A
(Loss) profit attributable to the owners of the Company	(36,783)	107,382	109,355	N/A
(Loss) profit attributable to the non-controlling interests	(30,095)	16,977	105,066	N/A
Net cash (outflow) inflow from operating activities	(497)	(125,106)	219,972	N/A
Net cash outflow from investing activities	(70,782)	(330)	(21,559)	N/A
Net cash (outflow) inflow from financing activities	(59,900)	392,545	(208,127)	N/A
Net cash (outflow) inflow	(131,179)	267,109	(9,714)	N/A

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59. FINANCIAL SUMMARY OF THE COMPANY

Statement of financial position of the Company

	2018 RMB'000	2017 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	3,772,625	3,210,991
Amounts due from subsidiaries	11,652,927	9,814,746
	15,425,552	13,025,737
CURRENT ASSETS		
Other receivables	3,732	16,988
Bank balances and cash	559,313	617,850
	563,045	634,838
CURRENT LIABILITIES		
Other payables	10,159	36,970
Amounts due to subsidiaries	130,990	62,681
Senior notes	4,650,818	4,484,610
	4,791,967	4,584,261
NET CURRENT LIABILITIES	(4,228,922)	(3,949,423)
TOTAL ASSETS LESS CURRENT LIABILITIES	11,196,630	9,076,314
NON-CURRENT LIABILITIES		
Senior notes	13,575,989	8,602,912
Bank borrowings due after one year	–	650,000
	13,575,989	9,252,912
NET LIABILTIES	(2,379,359)	(176,598)
CAPITAL AND RESERVES		
Share capital	497,945	497,868
Reserves	(2,877,304)	(674,466)
	(2,379,359)	(176,598)

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59. FINANCIAL SUMMARY OF THE COMPANY (continued)

Movement of reserves

	Share premium RMB'000	Accumulated losses RMB'000	Share options reserve RMB'000	Total RMB'000
At 1 January 2017	1,945,103	(2,060,214)	17,591	(97,520)
Loss and total comprehensive expense for the year	–	(327,041)	–	(327,041)
Issue of shares upon exercise of share options	201	–	(57)	144
Dividend distributed to shareholders of the Company (note 13)	(250,049)	–	–	(250,049)
At 31 December 2017	1,695,255	(2,387,255)	17,534	(674,466)
Loss and total comprehensive expense for the year	–	(1,874,209)	–	(1,874,209)
Issue of shares upon exercise of share options	802	–	(214)	588
Dividend distributed to shareholders of the Company (note 13)	(329,217)	–	–	(329,217)
At 31 December 2018	1,366,840	(4,261,464)	17,320	(2,877,304)

60. EVENTS AFTER THE END OF THE REPORTING PERIOD

(a) On 28 January 2019, the Company issued guaranteed fixed rate senior notes with aggregate nominal value of USD100,000,000 which carry fixed interest of 15% per annum and mature in 2021. The proceeds are to be used for refinancing certain of the Group's existing indebtedness and for the general working capital purposes.

(b) On 5 March 2019, the Company issued guaranteed fixed rate senior notes with aggregate nominal value of RMB1,000,000,000 which carry fixed interest of 11.875% per annum and mature in 2020. The proceeds are to be used for refinancing certain of the Group's existing indebtedness and for the general working capital purposes.

RESULTS

	For the year ended 31 December					
	2013 RMB'000	2014 RMB'000	2015 RMB'000	2016 RMB'000	2017 RMB'000	**2018** **RMB'000**
Revenue	7,279,828	7,305,950	8,164,297	10,920,638	9,782,568	**13,986,133**
Profit before taxation	2,404,303	2,529,719	2,721,358	2,506,164	2,566,918	**3,036,919**
Income tax expense	(1,174,112)	(1,157,408)	(1,318,542)	(1,441,816)	(1,157,207)	**(1,868,735)**
Profit For the year	1,230,191	1,372,311	1,402,816	1,064,348	1,409,711	**1,168,184**
Attributable to						
Owners of the company	1,215,038	1,255,341	1,210,610	805,736	1,154,316	**728,339**
Non-controlling interests	15,153	116,970	192,206	258,612	255,395	**439,845**
	1,230,191	1,372,311	1,402,816	1,064,348	1,409,711	**1,168,184**

ASSETS AND LIABILITIES

	At 31 December					
	2013 RMB'000	2014 RMB'000	2015 RMB'000	2016 RMB'000	2017 RMB'000	**2018** **RMB'000**
Total assets	30,563,466	41,254,080	44,551,288	49,752,263	68,956,740	**94,446,071**
Total liabilities	22,732,138	29,841,706	32,311,251	36,631,528	51,258,709	**74,991,562**
	7,831,328	11,412,374	12,240,037	13,120,735	17,698,031	**19,454,509**
Equity attributable to owners of the company	7,320,451	9,453,059	10,408,491	10,955,351	12,636,917	**12,963,528**
Non-controlling interests	510,877	1,959,315	1,831,546	2,165,384	5,061,114	**6,490,981**
	7,831,328	11,412,374	12,240,037	13,120,735	17,698,031	**19,454,509**

1. COMPLETED PROPERTIES HELD FOR INVESTMENT

No.	Property	Type	Lease term	Gross floor	Interest attributable to the Group
1	Units 101 and 148 and 200 car parking spaces of My Place located at Xiasha Village South Binhe Road Futian District Shenzhen City Guangdong Province The PRC	Commercial/ Carpark	Long/–	Commercial: 11,100.07 m^2	100%
2	Unit 16B of Jinfeng Mansion located at Shangbu South Road Futian District Shenzhen City Guangdong Province The PRC	Commercial	Medium	450.21 m^2	100%
3	Unit 110 and 191 car parking spaces of Pair Life located at Wenjindu Luohu District Shenzhen City Guangdong Province The PRC	Commercial/ Carpark	Long/–	Commercial: 1,234.93 m^2	100%
4	100 car parking spaces of Self Life located at the junction of Fuhua Road and Binhe Road Futian District Shenzhen City Guangdong Province The PRC	Carpark	–	–	100%
5	Units 105 to 106 and 200 car parking spaces of Hailrun Complex No. 6021 Shennan Boulevard Futian District Shenzhen City Guangdong Province The PRC	Commercial/ Carpark	Medium/–	Commercial: 22.08 m^2	100%

No.	Property	Type	Lease term	Gross floor	Interest attributable to the Group
6	177 car parking spaces of Endless Blue located at the northern side of North Ring Xiameilin Futian District Shenzhen City Guangdong Province The PRC	Carpark	–	–	100%
7	Units 201 to 204 of Block C and 319 car parking spaces of Future Plaza located at the north of Qiaoxiang Road and the west of Zhonghang Shahe Industrial Zone Nanshan District Shenzhen City Guangdong Province The PRC	Office/ Carpark	Medium/–	Office: 1,511.51 m^2	100%
8	145 car parking spaces of Flower Harbor located at the junction of Mingzhu Avenue and Yong'an North Road Yantian District Shenzhen City Guangdong Province The PRC	Carpark	–	–	100%
9	527 car parking spaces of Huajun Garden of Love Forever located at the junction of Bao'an Avenue and Yulv Road Bao'an District Shenzhen City Guangdong Province The PRC	Carpark	–	–	100%

No.	Property	Type	Lease term	Gross floor	Interest attributable to the Group
10	507 car parking spaces of Huaxiang Garden of Love Forever located at the junction of Bao'an Avenue and Yulv Road Bao'an District Shenzhen City Guangdong Province The PRC	Carpark	–	–	100%
11	Units 401 to 404 of Xiangyun Tiandu Century Mansion located at the junction of Fuqiang Road and Xinzhou San Street Futian District Shenzhen City Guangdong Province The PRC	Office	Long	509.09 m^2	100%
12	The northern portion of Block B and 200 car parking spaces of Funian Plaza located at the junction of Shihua Road and Hongmian Avenue Futian District Shenzhen City Guangdong Province The PRC	Office/ Carpark	Medium/–	Office: 20,398.49 m^2	100%
13	Phase II of Project Able Electronic located at the north-western side of the junction of Qingfeng Avenue and Baolong 4th Road Baolong Industrial Zone Longgang District Shenzhen City Guangdong Province The PRC	Commercial	Long	86,073.75 m^2	61%

No.	Property	Type	Lease term	Gross floor	Interest attributable to the Group
14	The clubhouse, kindergarten and 637 car parking spaces of Palm Park No. 3 Hechang 5th Road West Zhongkai High-tech Industrial Development Zone Huizhou City Guangdong Province The PRC	Kindergarten/ Clubhouse/ Carpark	Long/ Long/–	Kindergarten: 1,877.11 m^2 Clubhouse: 2,345.59 m^2	100%
15	The kindergarten and 75 car parking spaces of Jiayuan Estate No. 25 Maidi South Road Huicheng District Huizhou City Guangdong Province The PRC	Kindergarten/ Carpark	Medium/–	Kindergarten: 2,221.68 m^2	100%
16	The clubhouse and 155 car parking spaces of Xiangxie Garden No. 63 Yanda Avenue Huicheng District Huizhou City Guangdong Province The PRC	Clubhouse/ Carpark	–	Clubhouse: 371.25 m^2	100%
17	150 car parking spaces of Cuiyuan Garden No. 35 Maidi South Road Huicheng District Huizhou City Guangdong Province The PRC	Carpark	–	–	100%
18	104 car parking spaces of Yayuan Garden No. 1 Huayuan Road Huicheng District Huizhou City Guangdong Province The PRC	Carpark	–	–	100%

No.	Property	Type	Lease term	Gross floor	Interest attributable to the Group
19	Unit 105 of Building No. 26 and a kindergarten of Phase II of Fantasia Special Town located at Danshui Street Huiyang District Huizhou City Guangdong Province The PRC	Commercial/ Kindergarten	Long	Commercial: 271.36 m^2 Kindergarten: 2400.00 m^2	100%
20	2 retail units of Phase III of Fantasia Special Town located at Danshui Street Huiyang District Huizhou City Guangdong Province The PRC	Commercial	Long	112.90 m^2	100%
21	5 residential units of 2076 Sixiangjia located at the northern side of Baiyun 2nd Road Danshui Town Huiyang District Huizhou City Guangdong Province The PRC	Residential	Long	237.45 m^2	100%
22	Various retail units of Blocks 25 to 28 of Phase IV of Kangchengsiji located at Zhongkai Nos. 12 and 13 Zone Huizhou City Guangdong Province The PRC	Commercial	Long	4,033.07 m^2	100%
23	874 car parking spaces of Phase IV of Kangchengsiji located at Huizhou City Guangdong Province The PRC	Carpark	–	–	100%

No.	Property	Type	Lease term	Gross floor	Interest attributable to the Group
24	Various retail units and 121 car parking spaces of Jiangshan Garden Jiangshan Hui located at Gongchang Road Huangjiang Town Dongguan City Guangdong Province The PRC	Commercial/ Carpark	Long	Commercial: 1,225.25 m^2	100%
25	A kindergarten of Jiangshan Garden Jiangshan Hui located at Gongchang Road Huangjiang Town Dongguan City Guangdong Province The PRC	Kindergarten	Long	4,270 m^2	100%
26	146 car parking spaces of Human Art Wisdom No. 33 Ximianqiao Street Wuhou District Chengdu City Sichuan Province The PRC	Carpark	Long	4,897.08 m^2	100%
27	The commercial portion of a community club and 15 car parking spaces of Fantasia Special Town No. 333 Huanglong Avenue 2nd Section Gongxing Town Shuangliu County Sichuan Province The PRC	Club/ Carpark	Long	Carpark: 275.8 m^2 Club: 2,489.26 m^2	100%
28	566 mechanical car parking spaces of Huajun Garden No. 99 Shuangqing Road Chenghua District Chengdu City Sichuan Province The PRC	Carpark	–	–	100%

No.	Property	Type	Lease term	Gross floor	Interest attributable to the Group
29	Building No. 7, portion of Levels 1 to 3 of Building No. 20 and portion of Levels 1 of Building No. 17 of Fantasia Town No. 399 Wenquan Avenue 3rd Passage Jinma Town Wenjiang District Chengdu City Sichuan Province The PRC	Commercial	Long	20,784.30 m^2	100%
30	3 retail Units on Level 2 of Building No. 16 of Fantasia Town No. 266 Taiji Avenue Jinma Town Wenjiang District Chengdu City Sichuan Province The PRC	Commercial	Long	233.05 m^2	100%
31	1,139 mechanical car parking spaces of Future Plaza No. 88 Jitai Fifth Road Hi-tech Industrial Development Zone Chengdu City Sichuan Province The PRC	Carpark	Short	–	100%
32	A shopping mall and 3 retail units of Fantasia Longnian International Center located at the San She of Wangcong Village and Liu She of Jusong Village Pitong Town Pi Country Chengdu City Sichuan Province The PRC	Commercial	Long	31,258.58 m^2	100%

No.	Property	Type	Lease term	Gross floor	Interest attributable to the Group
33	Phase III of Fantasia Longnian International Center located at Jusong Village Pitong Town Pi County Chengdu City Sichuan Province The PRC	Commercial	Long	4,909.25 m^2	100%
34	1,434 car parking spaces of Noble Family No. 176 Shuxin Road Chengdu City Sichuan Province The PRC	Carpark	–	–	100%
35	Various commercial units and car parking spaces of Hailrun Plaza located at the southeastern junction of Shishan Road and Binhe Road Shishan Street National New & Hi-tech Industrial Development Zone Suzhou City Jiangsu Province The PRC	Commercial/ Car park	Long	Commercial: 111,953.22 m^2	100%
36	Portions of Levels 1 to 9 and 77 car parking spaces of Zhongding Mansion No. 4 Canluan Road Hi-tech Development Zone Guilin City Guangxi Zhuang Autonomous Region The PRC	Office/ Carpark	Medium/–	10,958.52 m^2	100%
37	Building No. 1 (exclusive of Level 2) and Level 3 of Building No. 5 of Guilin Fantasia Town located at the junction of Wanfu Road and Xicheng Avenue Lingui New District Guilin City Guangxi Zhuang Autonomous Region The PRC	Commercial	Long	61,982.66 m^2	100%

No.	Property	Type	Lease term	Gross floor	Interest attributable to the Group
38	Various retail units of Building No. 29 of Phase II Lakeside Eden located at Yangtang Industrial Park Lingui Town Guilin City Guangxi Zhuang Autonomous Region The PRC	Commercial	Long	9,409.57 m^2	70%
39	Various retail units of Building 1 to 3 and 8 of Phase III of Lakeside Eden located at Yangtang Industrial Park Lingui Town Guilin City Guangxi Zhuang Autonomous Region The PRC	Commercial	Long	3,778.62 m^2	100%
40	The kindergarten of Fantasia City located at Yangtang Industrial Park Lingui Town Guilin City Guangxi Zhuang Autonomous Region The PRC	Kindergarten	Short	2,644.04 m^2	100%
41	Units 101 and 202 of Block 4 of Phase I, Units 109 and 201 of Block 5 of Phase I, Units 101 and 102 and portions of Unit 103 of Block 1 of Phase II and 599 car parking spaces of Phase I and II of Hailrun Plaza located at the junction of Jiefang South Road and Wushui Road Jinnan District Tianjin The PRC	Office/ Carpark	Medium/–	Office: 4,990.41 m^2	60%

No.	Property	Type	Lease term	Gross floor	Interest attributable to the Group
42	5 car parking spaces of Tianjin Future Plaza located at the junction of Dongjiang Road and Neijiang Road Hexi District Tianjin The PRC	Carpark	–	–	60%
43	Various office units, retail units and 332 car parking spaces of Meinian Plaza No. 308–13 Chen Tang Technology Business Service Center No. 20 Dong Ting Avenue Hexi District Tianjin The PRC	Office/ Commercial/ Carpark	Long	Office and commercial: 4,717.87 m^2	100%
44	432 car parking spaces of Phase I of Huajun Garden located at the northern side of Nongyu Road Xiazhuzhuang Street Wuqing District Tianjin The PRC	Carpark	Short	–	100%
45	446 car parking spaces of Phase IV of Huajun Garden located at the northern side of Nongyu Road Xiazhuzhuang Street Wuqing District Tianjin The PRC	Carpark	Short	–	100%
46	12 retail units of Building No. 3 to 5 of Fantasia Life Square located at the southern side of Lvzhou East Road Yuhuatai District Nanjing City Jiangsu Province The PRC	Commercial	Long	20,655.26 m^2	100%

No.	Property	Type	Lease term	Gross floor	Interest attributable to the Group
47	Various commercial units of Fantasia Town located at the southern side of Shuanggao Road and the western side of Taoyuan South Road Gaochun Development Zone Nanjing City Jiangsu Province The PRC	Commercial	–	6,724.27 m^2	100%
48	Various retail units and 391 car parking spaces of Fantasia Town located at the western side of Huanhu Middle Road and the northern side of Baihuan'er Road Jinyinhu Street Dongxihu District Wuhan City Hubei Province The PRC	Commercial/ Carpark	–	Commercial: 457.11 m^2	100%
49	1,668 car parking spaces of Phase I and III of Huajun Garden No. 138 Renhe Road Qingshan District Wuhan City Hubei Province The PRC	Carpark	Short	–	100%
50	Various office units and retail units located at the junction of Yanhe Avenue and Wusheng Road Qiaokou District Wuhan City Hubei Province The PRC	Office/ Retail	Long	65,526.79 m^2	100%
51	120 residential units of Huajun Garden No. 138 Renhe Road Qingshan District Wuhan City Hubei Province The PRC	Carpark	–	–	100%

No.	Property	Type	Lease term	Gross floor	Interest attributable to the Group
52	4 car parking spaces of Aidu Apartment No. 55 of No. 2322 Nong Hongqiao Road Shanghai The PRC	Carpark	–	–	100%
53	An office building and 18 car parking spaces of Guobang Garden No. 10, Lane 396 Urumqi Road South Shanghai The PRC	Office/ Carpark	–	Office: 5,765.59 m^2	100%

2. INVESTMENT PROPERTIES UNDER CONSTRUCTION

No.	Property	Type	Lease term	Stage of Completion	Interest held to the Group (%)	Anticipated completion date
1	A commercial complex of Fantasia Hongtang under construction located at the northwestern side of the junction of Jichang Road and Baota Road Nanjing City Jiangsu Province The PRC	Commercial	Long	In progress	100%	2021
2	Project 360 under construction located at the northwestern side of the junction of Kexiang Road and Cangchu Road Gongshu District Hangzhou City Zhejiang Province The PRC	Commercial	Long	In progress	49%	2020
3	4 commercial buildings of Fantasia M3 under construction located at the southeastern side of the junction of Zhenghe Middle Road and Dongting South Road Taicang City Jiangsu Province The PRC	Commercial	Long	In progress	100%	2019
4	Phase IV of Family is all under construction located at Xiehe Road Shuangliu County Chengdu City Sichuan Province The PRC	Commercial	Long	In progress	55%	2022

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