ANNUAL REPORT 2017

绿城房产
GREENTOWN

GREENTOWN CHINA HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 03900)

Welcome to your home of Greentown.

Walk into a world of luxury and style. Transform your dreams into reality here.

From the minute you set foot on the majestic doorway that leads into the elegant hallway, you will be embraced by the luxury and grace of a bygone era.

Traditional style combined with contemporary detailing gives the place a personal touch with a flair of splendour. Each unit is tastefully designed for home lovers who have an eye for quality and beauty. Nestled in breath-taking landscaped gardens, these homes allow you to experience the magical powers of nature in your own private setting. Join the Greentown family and live the dream of many others today. Find your home with Greentown and enjoy the luxury of life with peace of mind.

Contents

Anji Peach Garden

Corporate Profile

GREENTOWN CHINA HOLDINGS LIMITED IS A QUALITY PROPERTY DEVELOPER AND INTEGRATED LIVING SERVICE PROVIDER IN CHINA. IT MAINTAINS A LEADING POSITION IN THE INDUSTRY BY VIRTUE OF THE QUALITY OF ITS PROPERTIES, ITS UNIQUE ARCHITECTURAL AESTHETICS AND CUSTOMER-FOCUSED SERVICES, AND IS COMMITTED TO BEING THE NO. 1"CHINESE INTEGRATED SERVICE PROVIDER FOR AN IDEAL LIFE". THE COMPANY WAS AWARDED THE "TOP 10 AMONG 100 CHINESE REAL ESTATE ENTERPRISES BY COMPREHENSIVE STRENGTH" FOR THE 13TH CONSECUTIVE YEAR BY THE DEVELOPMENT RESEARCH CENTER OF THE STATE COUNCIL, THE INSTITUTE OF REAL ESTATE STUDIES AT TSINGHUA UNIVERSITY AND THE CHINA INDEX ACADEMY, WAS REELECTED AS THE "TOP 10 AMONG 100 LARGEST CHINESE REAL ESTATE ENTERPRISES" AND WAS AGAIN NAMED THE "TOP 10 CHINESE REAL ESTATE COMPANIES BY BRAND VALUES (MIXED OWNERSHIP)" FOR THE 14TH CONSECUTIVE YEAR WITH A BRAND VALUE OF RMB29.076 BILLION. MEANWHILE, GREENTOWN WAS AWARDED THE "2017 CHINA LEADING REAL ESTATE COMPANIES BY CUSTOMER SATISFACTION" FOR ITS QUALITY PRODUCTS AND SERVICES.

Greentown China Holdings Limited is a mixed ownership enterprise engaging in the business of property development, featured towns construction, project management, asset operation and living services. It maintains a leading position in the market with high construction quality and excellent living services. Over 23 years of development, the Company has over 300 member companies and its scope of business covers more than 20 provinces, autonomous regions and direct-controlled municipalities. It establishes a presence in over 100 cities, having constructed more than 400 exquisite property complexes.

On 8 June 2012, Wharf was introduced as a strategic shareholder of Greentown. The aggregate investment from Wharf amounted to approximately HK$5.1 billion (equivalent to approximately RMB4.16 billion), including the subscription of approximately 490 million placing shares and the subscription of convertible securities (which have been redeemed in full in February 2014). As at the date of this report, Wharf (through its wholly-owned subsidiary) held approximately 25.0% of the total issued share capital of the Company.

On 27 March 2015, CCCG completed the sale and purchase transaction of shares with Mr SONG Weiping and other related shareholders, pursuant to which CCCG acquired 524,851,793 shares of the Company at HK$11.46 per share in cash with a total consideration of approximately HK$6.015 billion. On 4 June 2015, CCCG acquired another 100 million shares of the Company at HK$11.46 per share. As at the date of this report, CCCG held approximately 28.9% of the total issued share capital of the Company, making it the single largest shareholder of Greentown.

Being a professional developer of premium property in the PRC, Greentown Group has always insisted on innovation and continued to explore the relationship between human and dwellings with excellent accomplishment in the low-rise, multi-storey and high-rise residential properties. Based on the construction of beautiful architecture, Greentown Group is committed to building a better life for more people. Its layout will focus on the first-tier and second-tier cities like Beijing, Shanghai, Guangzhou, Shenzhen, Hangzhou, Tianjin, Nanjing, Chongqing, Xi'an, Chengdu, and other major cities overseas. As at 31 December 2017, the premium land bank of Greentown Group comprised a total GFA of over 30.32 million sqm, ensuring the sustainable and steady development of the

Company in the future. With its quality human resources and highly effective corporate management structure, the Company has established an outstanding brand image in all cities where it operates. The Group's experience in developing numerous high-quality projects and outstanding operational capabilities accumulated so far has provided a strong momentum for its further expansion.

Since September 2010, Greentown Group has commenced the project management business. In September 2015, the Company acquired Greentown Dingyi Real Estate Investment Management Company Limited and Greentown Shidai City Construction & Development Company Limited, and established the Greentown Project Management Group. The Company has already undertaken an orderly integration of businesses, management teams and governing systems and led the industry with a complete standardized system of "Project Management 4.0", bringing in an increasingly sophisticated asset-light operation model and fast-growing business. In June 2016, the Company undertook a restructuring of Bluetown, involving, among other matters, the integration of the project management business of Bluetown with the Greentown Project Management Group. As a result, the new Greentown Project Management Group has further expanded its scale. As at 31 December 2017, the total number of projects managed by the new Greentown Project Management Group, taking into account the restructuring as set out above, has reached 190, with a planned total GFA of approximately 44.53 million sqm. To date, the Greentown Project Management Group has evolved into the largest and the most professional asset-light real estate operation group in China.

In 2017, a brand new management structure and business development layout in the form of the "Five in One" was established, with Greentown China being the core and five sub-groups, namely Greentown Real Estate, Greentown Project Management, Greentown Asset Management, Greentown Town Development and Greentown Ideal Life. With the full support of CCCG, a state-owned enterprise, and Wharf, a Hong Kong blue-chip enterprise, together with our founder Mr. SONG Weiping, a renowned entrepreneur in China's real estate industry, and other substantial shareholders, the five business segments will hand in hand build the brand of "No. 1 integrated service provider for an ideal life in China", facilitate the transformation of Greentown China from the "home builder" to "lifestyle builder", and uplift the future core competitiveness of Greentown China.

Hangzhou Arcadia Town

Corporate Information

Board of Directors

Executive Directors

Mr SONG Weiping (Co-chairman)
Mr LIU Wensheng (Co-chairman)
Mr SUN Guoqiang
Mr SHOU Bainian (Resigned on 6 April 2018)
Mr CAO Zhounan
Mr LI Qingan
Mr LI Yongqian
Mr LI Jun (Appointed on 6 April 2018)

Independent Non-Executive Directors

Mr JIA Shenghua
Mr KE Huanzhang
Mr SZE Tsai Ping, Michael
Mr HUI Wan Fai

Audit Committee

Mr SZE Tsai Ping, Michael (Chairman)
Mr JIA Shenghua
Mr HUI Wan Fai

Nomination Committee

Mr SZE Tsai Ping, Michael (Chairman)
Mr LIU Wensheng
Mr SHOU Bainian (Resigned on 6 April 2018)
Mr CAO Zhounan (Appointed on 6 April 2018)
Mr JIA Shenghua
Mr KE Huanzhang
Mr HUI Wan Fai

Remuneration Committee

Mr JIA Shenghua (Chairman)
Mr LIU Wensheng (Appointed on 6 April 2018)
Mr SUN Guoqiang
Mr SHOU Bainian (Resigned on 6 April 2018)
Mr KE Huanzhang
Mr SZE Tsai Ping, Michael
Mr HUI Wan Fai

Registered Office

Maples Corporate Services Limited
PO Box 309, Ugland House
South Church Street, George Town
Grand Cayman KY1-1104
Cayman Islands

Share Registrar in Hong Kong

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

Share Registrar in Cayman Islands

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

Auditor

Deloitte Touche Tohmatsu

Legal Advisors

As to Hong Kong law:
Allen & Overy

As to the PRC law:
Zhejiang T&C Law Firm

As to Cayman Islands law and British Virgin Islands law:
Maples and Calder

Company Secretary

Mr FUNG Ching, Simon

Authorized Representatives

Mr CAO Zhounan
Mr FUNG Ching, Simon

Principal Bankers

Bank of China Limited
Industrial and Commercial Bank of China Limited
Agricultural Bank of China Ltd.
China Construction Bank Corp.
The Hong Kong And Shanghai Banking Corp., Ltd.
Standard Chartered Bank (Hong Kong) Limited
Bank of Communications Co., Ltd.
The Bank of East Asia, Limited
Ping An Bank Co., Ltd.
China Everbright Bank Corp., Ltd.
Shanghai Pudong Development Bank Co., Ltd.

Hangzhou Headquarters

10/F, Block A, Century Plaza
No.1 Hangda Road
Hangzhou, Zhejiang
PRC
(Postal code: 310007)

Principal Place of Business in Hong Kong

Room 1406–1408, 14/F, New World Tower 1
16–18 Queen's Road
Central, Hong Kong

Investor Relations

Email: ir@chinagreentown.com
Tel: (852) 2523 3138
Fax: (852) 2523 6608

Public Relations

Hill + Knowlton Strategies Asia
Email: greentown@hkstrategies.com
Tel: (852) 2894 6321
Fax: (852) 2576 1990

Stock Code

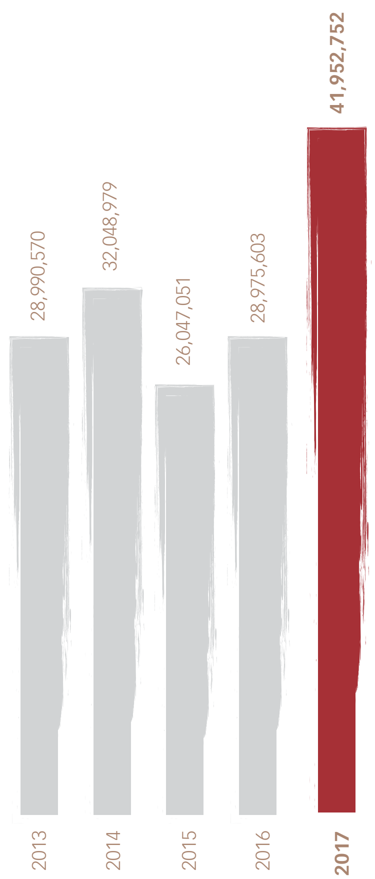
HKEx: 03900

Websites

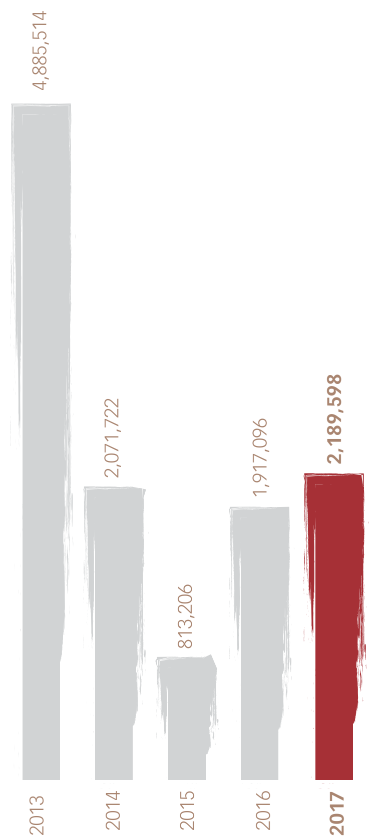
www.chinagreentown.com
www.greentownchina.com

Financial Highlights

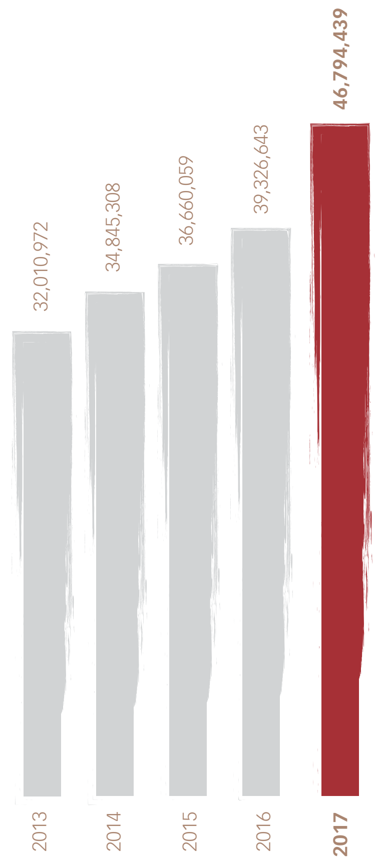
Revenue
For the year ended 31 December
(RMB'000)



Profit attributable to Owners of the Company
For the year ended 31 December
(RMB'000)



Total equity
As at 31 December
(RMB'000)



Five Years Financial Summary

Consolidated Results

	For the Year Ended 31 December				
	2013 RMB'000	2014 RMB'000	2015 RMB'000	2016 RMB'000	**2017** **RMB'000**
Revenue	28,990,570	32,048,979	26,047,051	28,975,603	**41,952,752**
Cost of sales	(20,215,201)	(23,916,319)	(20,626,106)	(22,953,628)	**(33,877,152)**
Gross profit	8,775,369	8,132,660	5,420,945	6,021,975	**8,075,600**
Other income	1,647,817	1,209,064	1,185,999	1,824,526	**4,874,973**
Expenses	(2,847,160)	(3,821,011)	(5,340,155)	(5,523,319)	**(7,109,461)**
Share of results of jointly controlled entities and associates	1,570,036	407,752	1,667,882	1,425,047	**549,656**
Profit before taxation	9,146,062	5,928,465	2,934,671	3,748,229	**6,390,768**
Taxation	(3,155,857)	(2,718,644)	(1,675,175)	(1,525,686)	**(3,719,803)**
Profit for the year	5,990,205	3,209,821	1,259,496	2,222,543	**2,670,965**
Profit attributable to:					
Owners of the Company	4,885,514	2,071,722	813,206	1,917,096	**2,189,598**
Non-controlling interests	1,104,691	1,138,099	446,290	305,447	**481,367**
	5,990,205	3,209,821	1,259,496	2,222,543	**2,670,965**

Consolidated Assets and Liabilities

	As at 31 December				
	2013 RMB'000	2014 RMB'000	2015 RMB'000	2016 RMB'000	**2017** **RMB'000**
Total assets	122,335,702	127,143,878	144,512,604	169,795,629	**235,828,246**
Total liabilities	90,324,730	92,298,570	107,852,545	130,468,986	**189,033,807**
Total equity	32,010,972	34,845,308	36,660,059	39,326,643	**46,794,439**

Chairman's Statement

Co-chairman of the Board
Mr SONG Weiping

The growing demands of the general public for a beautiful life are perpetual impetus for social development. Closely tallying with such demands over the past 23 years, Greentown has made effective exploration in building quality housing products, serving a beautiful life, and pursuing quality growth, and achieved great progress, which contributed to the construction of a beautiful China and a beautiful society.

In 2017, in response to the intensive regulation policies along with the complex and ever-changing market during the industry transformation period, the Company has always held its ground in ingenuity and quality, effectively implemented various business strategies to achieve new record highs. This is of course cannot be separated from the full support of all shareholders and the hard work of the management and all employees, as well as the trust of all the home owners as our families.

Full Support from Shareholders. The Company has gradually developed into a typical mixed ownership enterprise since CCCG became a shareholder of Greentown. During the past 3 years, with the full support of the Company's substantial shareholders including CCCG, a state-owned enterprise, and The Wharf (Holdings) Limited, a Hong Kong blue chip enterprise, the corporate governance structure and the management structure of the Company have been continuously optimized and the operation results has been effectively improved. In particular, the directors and management assigned by CCCG to the Company have made great performance in integrating into the enterprise, maintaining Greentown characteristics, improving corporate governance, promoting strategic development, and etc.

Dedication from All Employees. The Company's results are achieved from the hard work of all the employees. It is also the result of the management's leadership and endeavor. In response to the changes of the market and continuous escalating regulation policy, the management of the Company has led all employees to be bold in reforming and innovating, and to actively provide solutions to the Company's development issues. The company has seized the market opportunities, kept reducing inventories in third- and fourth-tier cities while actively replenishing in first- and second-tier cities and high quality third- and fourth-tier cities and continued to expand the scale of project management business in order to maintain the leading position of Greentown Project Management. In addition, the Company proactively developed the light asset businesses such as living service, housing 4S service and the elderly care business. Meanwhile, the Company has stabilized its development foundation through effectively reducing financing cost and maintaining sufficient cash flow.

As for the next stage, the Company will actively explore the Partnership Scheme to strengthen the implementation of the corporate purpose of "creating platform for employees", enabling workers to share the achievement of the Company, thereby promoting the Company to truly become a platform for employees to settle down and discover, improve, achieve work value and life value and to strengthen the team cohesiveness and effectiveness, thereby taking the lead into a new stage of relying on the development of corporate brand and team capabilities.

Faith and Trust from Home Owners. In 2017, the Greentown Group was awarded as a "Chinese Leading Real Estate Brand by Customers Satisfaction" for the sixth consecutive year, since its reputation and owners' satisfaction have always been in a leading position. Greentown's brand value has been continuously improved, which is what we and customers value most and also the main measuring standard to support the Company's development in the future. Brand is the quality commitment to our customers, which requires us to continuously uplift the service level, to maintain quality, and to live up to the faith and trust from home owners.

Looking forward, with the long-term support of substantial shareholders, Greentown will stick to the innovation and practice of mixed ownership, hold on to Greentown's unique characteristics and the modern corporate governance mechanism in accordance with the laws and regulations, and seek to better satisfy the general public's growing demands for a beautiful life through the provision of integrated services for an ideal life.

CEO's Report

Executive Director and Chief Executive Officer
Mr CAO Zhounan

In 2017, with the support of our substantial shareholders and the favor of our customers, the Company withstood the severe challenges of the market through the joint efforts of all employees, scientifically landed the "Five in One" management and control system, and solidly promoted the "Four Comprehensive Management", which has effectively strengthened the core competitive advantages and new driving force for development, making the Company achieve record highs in operating performance and step into a new track of sound and quality growth.

During this year, the operating effectiveness, investment characteristics, product quality, operational efficiency and business innovation of the Group have been further improved. Firstly, sales scale and profitability have been significantly increased and the financial condition has also been improved, with both the financing cost and the net gearing ratio decreased as cash flows remain adequate. Secondly, the proportion of land reserves in first-tier and second-tier cities has further increased, and many innovative development models have been promoted, such as the urban benchmark property "Hangzhou Phoenix Mansion", the national sports property "National Games Village", the subway property "Young City", and characteristic towns. Thirdly, a number of new projects have effectively carried the essence, attitude and charm of Greentown and opened up a brand-new period of product innovation. Fourthly, the operational efficiency has significantly sped up and the development cycle has been reasonably shortened, thus the operating situation with high-quality and high-turnover rate was strengthened as a whole. Fifthly, new business models created by combining with the Group's own advantages, such as housing 4S services, community commercial operations, and the elderly care business, have grown rapidly.

At present, the real estate market is undergoing profound changes and the Company is faced with important strategic opportunities. In 2018, Greentown China will adhere to the strategy of "balancing the development of light assets and heavy assets" on the existing basis, focus on improving the overall quality and profitability of heavy assets and accelerate the expansion of light assets to optimize the corporate asset and profit structure, facilitate an effective match for sales scale and profit scale, and implement the partnership scheme to establish a community with a shared future and common development, thus driving the transformation of corporate development momentum from heavily relying on resources and capital to relying on team, brand and professional competence and continuing to maintain the quality development of the Company.

In terms of financial strategy, adhering to the objectives of ensuring quality, accelerating turnover and improving profit, the Company will strengthen systematic control with respect to various aspects including finance, investment, operation, products, services, marketing, costs, administration, and etc. The Company will also continue to innovate financial models, extend the capital sources, improve sales return ratio, enhance the management of cash flow, in order to support the strategic development of the Company with sound financial leverage and sufficient cash.

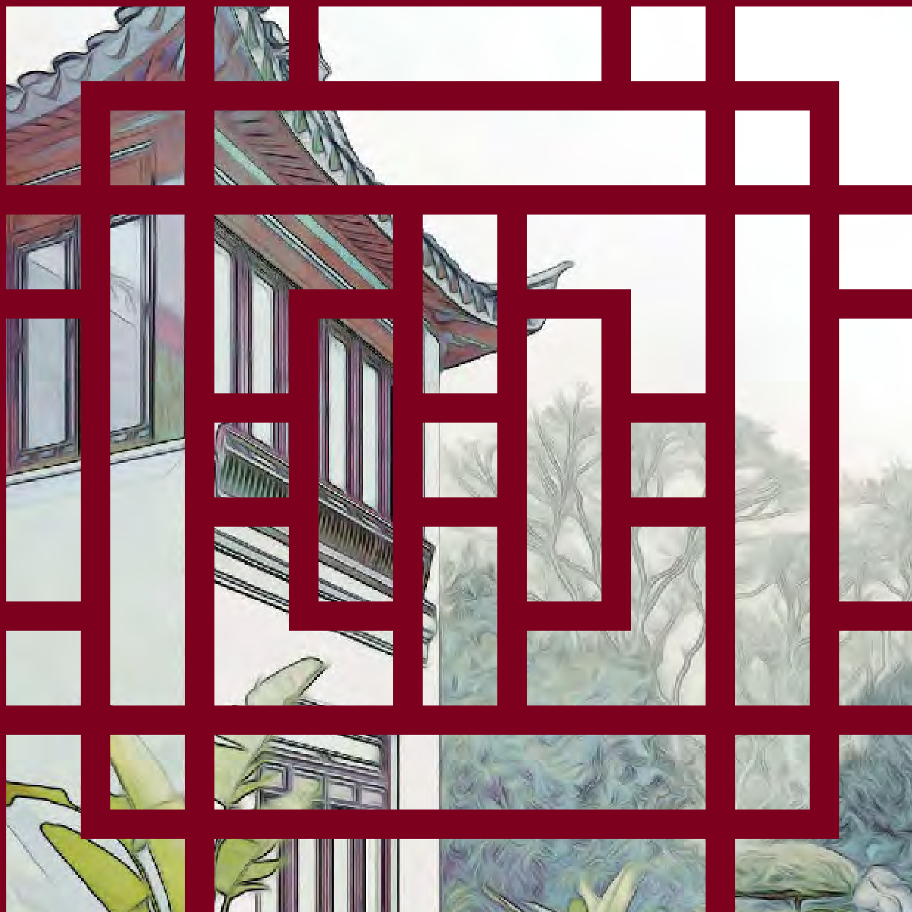
In terms of quality strategy, following the principle of "Three First" in product quality, service quality and cost effectiveness, the Company will unceasingly improve product innovation capability and uplift the level of humanization and digitization, cater customers' demands for safety, functionality and aesthetics, and further enhance the application of green and environmental materials and assembled building technology, so as to maintain its leading position regarding to quality.

In terms of investment strategies, upholding the investment principle of "proper size and prioritizing liquidity" and centering on core urban agglomerations, the Company will selectively adopt methods of strategic cooperation, public auction, mixed ownership reform, acquisition and merger to enhance investment in quality second- and third-tier cities, strengthen post-investment management and timely conduct post-investment assessment to ensure investment effectiveness. Meanwhile, by increasing investment in high-quality industries such as education, health, new finance and new economy and etc., the company will gradually enlarge the proportion of comprehensive industries.

In terms of business mechanism, the Company will further take full advantage of mixed ownership, and fully implement the partnership scheme that advocates value as the lead and common cause as the basis to establish a community with a shared future and common development in which all employees co-create careers, share risks and gains, so as to stimulate team enthusiasm, initiative and creativity, as well as to strengthen the sense of belonging, gain and achievement of staff.

For the coming year, all Greentown staff will adhere to the core values of "Sincerity, Goodwill, Exquisiteness and Perfection". With the goal of building the No.1 brand of "Integrated Service Provider for an Ideal Life in China", we will create greater value for customers, shareholders and the society, and contribute more to urbanization process and residential culture of China.


Hangzhou Xixi Yunlu



Property Portfolio

Property Portfolio

Total GFA Exceeds 30.32 Million sqm

Region	No. of Projects	% of Total GFA (%)
Hangzhou	19	14.2%
Zhejiang (excluding Hangzhou)	29	31.2%
The Yangtze River Delta Area (excluding Zhejiang)	9	5.7%
The Bohai Rim Area	21	27.1%
The Pearl River Delta Area	3	2.5%
Chengdu – Chongqing Area	4	3.0%
Others in China	12	13.7%
Overseas	1	2.6%
Total	**98**	**100%**

The Yangtze River Delta Area

Region	Total GFA (sqm)	Proportion to total land bank (%)
Zhejiang (excluding Hangzhou)	9,453,108	31.2%
Hangzhou	4,297,044	14.2%
Jiangsu	1,331,265	4.4%
Shanghai	395,556	1.3%

The Bohai Rim Area

Region	Total GFA (sqm)	Proportion to total land bank (%)
Shandong	4,802,454	15.8%
Beijing	1,252,975	4.1%
Hebei	888,122	2.9%
Liaoning	722,563	2.4%
Tianjin	562,964	1.8%

The Pearl River Delta Area

Region	Total GFA (sqm)	Proportion to total land bank (%)
Guangdong	763,265	2.5%

Overseas

Region	Total GFA (sqm)	Proportion to total land bank (%)
Indonesia (Jakarta)	778,952	2.6%

Others in China

Region	Total GFA (sqm)	Proportion to total land bank (%)
Hainan	1,266,262	4.2%
Shaanxi	907,423	3.0%
Sichuan	813,006	2.7%
Heilongjiang	504,929	1.6%
Henan	454,240	1.5%
Xinjiang	361,741	1.2%
Hunan	243,287	0.8%
Hubei	234,261	0.8%
Inner Mongolia	174,807	0.6%
Chongqing	102,413	0.3%
Anhui	8,820	0.1%

Note: The figures of total GFA and site area are subject to adjustments due to planning changes. Relevant figures will only be finalized after project completion.

YANGTZE RIVER DELTA AREA

HANGZHOU

	Projects	Type of Properties	Equity Interest	Site Area (sqm)	GFA (sqm)
1	Hangzhou Wulin No.1	Office	50.0%	18,805	108,625
2	Hangzhou Wangjiang Office	Office	56.0%	9,096	51,866
3	Hangzhou Center	Urban Complex	45.0%	22,566	245,709
4	Hangzhou Hope Town	High-Rise Apartment, Hotel	45.0%	215,806	513,214
5	Hangzhou Arcadia Town	High-Rise Apartment, Low-Rise Apartment, Villa	50.0%	459,957	599,771
6	Hangzhou Young City	High-Rise Apartment	25.6%	98,121	426,356
7	Hangzhou Liuxiangyuan	High-Rise Apartment	25.0%	51,968	239,112
8	Hangzhou Willow Breeze	High-Rise Apartment, Villa	50.0%	38,605	120,710
9	Hangzhou Jinlin Mansion	High-Rise Apartment	50.0%	49,923	193,185
10	Hangzhou Osmanthus Grace	High-Rise Apartment, Villa	35.0%	26,893	108,661
11	Hangzhou Qinyuan	High-Rise Apartment	26.0%	31,685	114,769
12	Hangzhou Phoenix Mansion	High-Rise Apartment, Serviced Apartment	50.0%	35,665	137,947
13	Hangzhou Xiaoshan Beigan Project	High-Rise Apartment	22.5%	47,441	203,315
14	Hangzhou Xixi Yunlu	Villa	19.5%/20.0%	83,222	180,009
15	Hangzhou Fuyang Yinhu Block No. 20 & 21	High-Rise Apartment, Villa	100%	160,209	299,510
16	Hangzhou Xianlin Street Lixiang District Block A-14	High-Rise Apartment, Villa	100%	60,247	141,370
17	Hangzhou Xiaoshan Chaoyang Block	High-Rise Apartment, Villa	100%	70,129	297,161
18	Lin’an Spring Blossom	High-Rise Apartment, Villa	18.0%	661,758	290,992
19	Lin’an Mantuo Garden	Villa	80.0%	62,853	24,762
	Sub-total			2,204,949	4,297,044


ZHEJIANG
Huzhou
Deqing
Jiaxing
Zhoushan
Yuyao
Ningbo
Zhuji
Shengzhou
Xinchang
Jiande
Yiwu
Lishui
Taizhou
Wenzhou

	Projects	Type of Properties	Equity Interest	Site Area (sqm)	GFA (sqm)
1	Jiande Camphora Garden	High-Rise Apartment, Commercial	100%	49,236	150,223
2	Ningbo Center	Urban Complex	49.3%	58,013	447,606
3	Ningbo Young City	High-Rise Apartment	51.0%	186,603	557,841
4	Ningbo Willow Breeze	High-Rise Apartment, Villa	51.0%	42,856	129,642
5	Ningbo Qiu'ai Project	High-Rise Apartment, Commercial	51.0%	172,159	435,310
6	Ningbo Fenghua District Changting Village Block	High-Rise Apartment, Villa	100%	124,326	288,490
7	Ningbo Wisdom Park	Office, Commercial, Serviced Apartment	60.0%	47,688	138,374
8	Ningbo Xiangshan Baishawan Rose Garden	High-Rise Apartment, Hotel	100%	128,278	80,899
9	Yuyao Mingyuan	High-Rise Apartment	47.0%	111,101	295,484
10	Xinchang Rose Garden	Villa	90.0%	66,806	20,764
11	Zhuji Greentown Plaza	High-Rise Apartment, Villa, Commercial	90.0%	44,308	139,546
12	Shengzhou Greentown Mansion	High-Rise Apartment, Villa	51.0%	98,925	295,255
13	Shengzhou Opera Town	Villa, Commercial	32.5%	66,800	61,739
14	Zhoushan Changzhi Island	Integrated Community	96.9%	712,907	1,476,497
15	Zhoushan Rose Garden West Area	Integrated Community	51.0%	156,011	232,272
16	Zhoushan Daishan Sky Blue Apartment	High-Rise Apartment	100%	58,233	183,324
17	Taizhou Ningjiang Mingyue	Integrated Community	51.0%	485,120	1,437,149
18	Taizhou Yulan Plaza	Urban Complex	49.0%	61,146	268,559
19	Taizhou Tiantaishan Lotus Town	Villa, Hotel	100%	88,499	58,181
20	Taizhou Lagerstroemia Garden	High-Rise Apartment	10.0%	23,174	97,255
21	Jiaxing Liu'an Hefeng	High-Rise Apartment	100%	95,730	285,359
22	Wuzhen Graceland	High-Rise Apartment	16.0%	173,987	387,888
23	Yiwu Peach Garden	Villa	74.5%	183,699	404,051
24	Lishui Liuxiangyuan	High-Rise Apartment, Low-Rise Apartment	51.0%	86,633	226,098
25	Linhai Rose Garden	Villa	100%	69,862	94,162
26	Anji Peach Garden	Villa	85.0%	970,944	611,637
27	Deqing Yingxi Arcadia	Hotel, Commercial	100%	21,260	23,642
28	Deqing Guanyun Town	Low-Rise Apartment, Villa	90.0%	186,578	254,046
29	Wenzhou Lucheng Plaza	Serviced Apartment, Office, Commercial	100%	74,278	371,815
	Subtotal			4,645,160	9,453,108

SHANGHAI

	Projects	Type of Properties	Equity Interest	Site Area (sqm)	GFA (sqm)
1	Shanghai Changfeng Center	Office, Commercial	37.5%	34,493	191,583
2	Shanghai Bund House	High-Rise Apartment	51.0%	39,467	165,527
3	Shanghai Songjiang District Yongfeng Block	Villa	100%	16,362	38,446
	Sub-total			90,322	395,556

JIANGSU

	Projects	Type of Properties	Equity Interest	Site Area (sqm)	GFA (sqm)
1	Xuzhou Lagerstroemia Mansion	High-Rise Apartment, Villa	60.0%	100,132	187,802
2	Nanjing Yunqi Rose Garden	Low-Rise Apartment, Villa	79.9%	139,419	298,073
3	Wuxi Lihu Camphora Garden	High-Rise Apartment	49.0%	48,089	139,707
4	Wuxi Fengqi Heming	High-Rise Apartment, Villa	100%	96,815	325,266
5	Nantong Gangzha District Block R17027	High-Rise Apartment, Villa	100%	52,094	145,220
6	Nantong Gangzha District Block R17028	High-Rise Apartment, Villa	100%	75,093	235,197
	Sub-total			511,642	1,331,265

BOHAI RIM AREA

	Projects	Type of Properties	Equity Interest	Site Area (sqm)	GFA (sqm)
1	Beijing Xishan Mansion	High-Rise Apartment, Low-Rise Apartment	85.0%	66,380	264,207
2	Beijing One Liangma	High-Rise Apartment	50.0%	47,769	187,954
3	Bejing Wulituo Block	Low-Rise Apartment, Commercial	50.5%	216,430	571,369
4	Beijing Majestic Mansion	Low-Rise Apartment	100%	241,247	229,445
5	Tianjin National Games Village	High-Rise Apartment, Commercial	40.8%	29,354	89,874
6	Tianjin Spring Blossom	High-Rise Apartment, Villa	100%	432,893	473,090
7	Tangshan South Lake Project	High-Rise Apartment, Commercial	40.0%	294,979	888,122
8	Jinan National Games Village	Integrated Community	45.0%	167,459	291,371
9	Jinan Center	Office	39.0%	14,726	131,877
10	Jinan Yulan Garden	High-Rise Apartment, Low-Rise Apartment, Villa	50.0%	243,524	492,542
11	Jinan New East Station Block A7	Villa	100%	64,214	148,579
12	Qingdao Jiaozhou Lagerstroemia Square	High-Rise Apartment	100%	56,176	222,148
13	Qingdao Ideal City	Integrated Community	80.0%	540,966	1,044,214
14	Qingdao Deep Blue Center	Office	40.0%	22,701	222,349
15	Shandong Xueye Lake Peach Garden	Low-Rise Apartment, Villa, Hotel	49.0%	783,100	330,592
16	Zibo Lily Garden	High-Rise Apartment, Low-Rise Apartment, Villa	100%	189,049	644,820
17	Qufu Sincere Garden	High-Rise Apartment, Commercial	100%	107,966	254,961
18	Xintai Yulan Garden	Low-Rise Apartment	70.0%	40,240	79,322
19	Dongying Ideal City	High-Rise Apartment, Low-Rise Apartment, Villa	49.0%	380,370	939,680
20	Dalian Taoyuan Lane	High-Rise Apartment, Low-Rise Apartment	40.0%	51,859	203,617
21	Shenyang National Games Village	Integrated Community	50.0%	335,235	518,946
	Sub-total			4,326,637	8,229,079

THE PEARL RIVER DELTA AREA

	Projects	Type of Properties	Equity Interest	Site Area (sqm)	GFA (sqm)
1	Foshan Guiyu Lanting	High-Rise Apartment	100%	49,621	237,293
2	Foshan Fengqi Lanting	High-Rise Apartment, Villa	50.0%	58,855	273,615
3	Guangzhou Guanggang New City Project	High-Rise Apartment, Villa	16.7%	38,757	252,357
	Sub-total			147,233	763,265

CHENGDU-CHONGQING AREA

	Projects	Type of Properties	Equity Interest	Site Area (sqm)	GFA (sqm)
1	Chongqing Orchid Residence	High-Rise Apartment	50.0%	30,332	102,413
2	Chengdu Wenrude	High-Rise Apartment, Villa	60.0%	56,898	259,356
3	Chengdu Huafu Block No. 175	High-Rise Apartment	45.0%	116,880	420,251
4	Chengdu Qingyang District Jinsha Block	Low-Rise Apartment, Villa	100%	43,074	133,399
	Sub-total			247,184	915,419

OTHERS IN CHINA

	Projects	Type of Properties	Equity Interest	Site Area (sqm)	GFA (sqm)
1	Hefei Jade Lake Rose Garden	High-Rise Apartment	100%	6,000	8,820
2	Ordos Sincere Garden	High-Rise Apartment	10.5%	44,156	174,807
3	Xinjiang Lily Apartment	Office, Commercial	50.0%	62,973	361,741
4	Changsha Bamboo Garden	Villa	49.5%	724,807	243,287
5	Hainan Blue Town	Integrated Community	51.0%	1,309,242	1,266,262
6	Daqing Majestic Mansion	High-Rise Apartment, Low-Rise Apartment, Villa	100%	304,987	504,929
7	Zhengzhou Yanming Lake Rose Garden	Low-Rise Apartment, Villa, Hotel	100%	271,135	272,542
8	Henan Xinyang Lily City	High-Rise Apartment, Low-Rise Apartment	20.0%	77,662	181,698
9	Xi'an Hongji New City	High-Rise Apartment, commercial	83.0%	199,934	883,943
10	Xi'an National Games Village Wenyuan Block	High-Rise Apartment, Villa	51.0%	91,334	23,480
11	Wuhan Huashan Project	High-Rise Apartment, Villa	80.0%	99,200	204,089
12	Hubei Huangshi Yulan Garden	High-Rise Apartment, Villa	30.0%	10,484	30,172
	Sub-total			3,201,914	4,155,770

OVERSEAS

	Projects	Type of Properties	Equity Interest	Site Area (sqm)	GFA (sqm)
1	Indonesia Jakarta Project	High-Rise Apartment, Commercial	10.1%	136,314	778,952

Lin'an Spring Blossom

Management Discussion and Analysis

Management Discussion and Analysis

Operational Review

In 2017, despite the escalating austerity measures on real estate industry, people's desire for a better life and the need to improve living conditions did not decline. The Group actively responded to market demand, expedited the transformation towards becoming the "integrated service provider for an ideal life" and implemented the development strategy of "Service Platform Building, Asset Financialization and Property Development Professionalization", which formed a business development pattern of "combining light assets and heavy assets" and continued to enhance its core competitiveness.

Benefited from the unyielding support of all shareholders and the unremitting efforts of its staff, the Group's performance reached new heights in 2017. In terms of sales, it responded to regulatory changes in various regional markets and adopted differentiated marketing strategies, pursuant to which remarkable results were achieved in destocking. In terms of investment, the Group seized the opportunities arisen from a relatively less competitive market in the fourth quarter and acquired high quality land plots at reasonable prices, with which the investment scale accomplished a record high. In terms of finance, the Group ramped up financing efforts in the open market and actively explored ways of innovative financing, which reduced finance cost drastically. In terms of quality management, the Group further consolidated its leading position in the industry with product quality by continuously enriching and improving the content and quality of living services. In terms of business innovation, the Group first launched the housing 4S service model nationwide, carrying out pioneering businesses such as maintenance, value-added service and revitalization, so as to gain first-mover advantage in full life-cycle services for stock housing.

Hangzhou River South

Results Overview

The Group generated revenue of RMB41,953 million for the Year, representing an increase of 44.8%, from RMB28,976 million in 2016. During the Year, the Group realized profit before taxation of RMB6,391 million, representing an increase of RMB2,643 million or 70.5% from RMB3,748 million in 2016. During the Year, the Group realized a net profit of RMB2,671 million, representing an increase of RMB448 million or 20.2% from RMB2,223 million in 2016. Profit attributable to owners of the Company for the Year amounted to RMB2,190 million, representing an increase of RMB273 million, or 14.2% from RMB1,917 million in 2016.

After deduction of net post-tax effect of gains from acquisitions, the provision and reversal of impairment losses on certain assets, fair value changes of certain assets during the Year, the core profit attributable to owners of the Company for the Year was RMB2,854 million, representing an increase of RMB768 million, or 36.8%, as compared with RMB2,086 million in 2016.

The basic earnings per share for the Year amounted to RMB0.77, representing an increase of 10.0% from RMB0.70 per share in 2016.

Presales

For the twelve months ended 31 December 2017, Greentown Group (including Greentown China Holdings Limited and its subsidiaries, together with its joint ventures and associates) recorded a total contracted sales area of approximately 8.27 million sqm, and a total contracted sales amount of approximately RMB146.3 billion, hitting a record high. Average selling price of investment projects reached approximately RMB23,235 per sqm (2016: RMB19,813 per sqm), at a leading level among property developers nationwide.

These investment projects have recorded a total contracted sales area of approximately 4.44 million sqm, and a total contracted sales amount of approximately RMB103.3 billion, of which approximately RMB54.9 billion was attributable to the Group (comprising Greentown China Holdings Limited and its subsidiaries) in 2017. As at 31 December 2017, the Group's investment projects recorded total subscription sales of RMB0.7 billion, of which approximately RMB0.4 billion was attributable to the Group. In addition, the Group's project management business where Greentown Group engaged in delivering brand value and management expertise (non-investment projects, referred to as "projects under project management") accelerated its development in 2017, and recorded a total contracted sales area of approximately 3.83 million sqm and a contracted sales amount of approximately RMB43.0 billion, representing 29% of the total contracted sales and a 138% increase from 2016. In face of the gradual separation between property investment and development, the competitive edge of Greentown Project Management further stood out, leading the Group's development to light assets.

In recent years, the Group has strived to develop marketable and cost-effective products and has formed an olive-shaped product structure of 2:6:2 (namely the weight of urban signature and brand model products is controlled at 20%, the proportion of mainstream products in the market targeting at mainly white-collar workers and young people expands to 60%, and the proportion of quality social security housing and resettlement housing for original residents is at 20%), which effectively speeded up inventory reduction. In 2017, the overall sell-through rate of investment projects reached 72% (of which, the saleable resource in first- and second-tier cities reduced approximately RMB69.6 billion at a sell-through rate of 75%, and the housing resource in third- and fourth-tier cities reduced approximately RMB33.7 billion at a sell-through rate of 67%). Newly-added housing resource was approximately

RMB74.4 billion, the sales contributed during the Year were approximately RMB57.9 billion, at a sell-through rate of 78%. The inventory of investment projects at the beginning of the Year amounted to approximately RMB69.2 billion and the aggregate inventory reduction for the Year was approximately RMB45.4 billion, at a sell-through rate of 66%. Among these investment projects, single property sales of 15 projects, such as Hangzhou Young City, Beijing Xishan Mansion, Qingdao Ideal City and Ningbo Young City, exceeded RMB2.0 billion each in the Year. Projects with lower sell-through rate in previous years, namely Taizhou Ningjiang Mingyue, Hainan Blue Town and Zhoushan Changzhi Island also achieved impressive results in inventory reduction.

Continuous Optimization of Land Reserve, Gradual Emergence of Investment Characteristic

In 2017, both the turnover and price in the land market of China reached record high, but at the same time the industry was faced with unfavorable factors, such as tightened credit, continuous purchase restriction policy and slowing down of project launches in the market. Confronted with complex market conditions, the Group focused on core locations in core cities. In the first three quarters, the Group had withstood the pressure from the accelerated expansion of its peers and refrained from blindly following their land reserves replenishment pace. In the fourth quarter, the Group seized the opportunities brought by tightened funds of most real estate enterprises and a less competitive market to acquire a batch of high-quality land at relatively reasonable prices. The profitability of new projects has been ensured on the back of its sound investment management and control mechanism. The Group's investment scale reached record high. Throughout the Year, the Group focused on the three major first-tier cities, Beijing, Shanghai and Guangzhou, to defend the Group's leading position in high-end property, acquired more projects in Hangzhou, Nanjing, Wuxi, and Ningbo to further consolidate Greentown's market influence in Yangtze River Delta region. The Group has also strategically entered into Chengdu, Chongqing, Xi'an and Wuhan, to improve Greentown's brand awareness in Southwest, Northwest and Central China and made the layout of third-and fourth-tier cities, such as Jiaxing, Nantong and Yiwu, which are located in the radiating areas of core cities with great development potential, accelerating the flow of capital with fast turnover projects.

The Group had a total of 37 new projects in 2017 with a total GFA of approximately 8.59 million sqm, of which approximately 5.70 million sqm was attributable to the Group. Major new projects are located in the three major urban agglomerations of Yangtze River Delta, Pearl River Delta and Beijing-Tianjin-Hebei Region, accounting for 58% of the total GFA. The total land cost was approximately RMB64.4 billion, of which approximately RMB44.2 billion was payable by the Group. It is expected that the saleable value of new projects would be approximately RMB154.7 billion, of which approximately RMB98.6 billion was attributable to the Group, and about 75% will be contributed by projects in first- and second-tier cities. The average land acquisition cost was approximately RMB10,898 per sqm. As a result of its land replenishment efforts in 2017, the Group has strategically laid out its coverage in the three major urban agglomerations and optimized the land reserve structure.

Hangzhou Young City

Table of Newly-added Land Bank in 2017

No.	Land/Project Name	Acquired by	City	Equity	Total Land Cost/ Acquisition Cost of the Projects (RMB million)	Paid by Greentown (RMB million)	GFA (sqm)
1	Hangzhou Xixi Yunlu	Auction	Hangzhou	19.5%	1,271	248	80,267
2	Hangzhou Qinyuan	Auction	Hangzhou	26.0%	3,100	806	114,769
3	Guangzhou Guanggang New City Project	Auction	Guangzhou	16.7%	4,001	668	252,357
4	Xiangshan Baishawan Rose Garden	Acquisition	Ningbo	100%	72	72	80,899
5	Nanjing Yunqi Rose Garden	Auction	Nanjing	79.9%	3,810	3,045	298,087
6	Foshan Fengqi Lanting	Auction	Foshan	50.0%	1,942	971	273,615
7	Wuxi Fengqi Heming	Auction	Wuxi	100%	3,834	3,834	325,266
8	Yiwu Peach Garden	Auction	Yiwu	74.5%	2,490	1,855	231,382
9	Yiwu Peach Garden	Auction	Yiwu	74.5%	1,769	1,318	172,669
10	Chongqing Orchid Residence	Auction	Chongqing	50.0%	872	436	102,413
11	Indonesia Jakarta Project	Acquisition	Jakarta	10.1%	87	87	778,952
12	Lishui Liuxiangyuan	Auction	Lishui	51.0%	1,266	646	226,098
13	Shengzhou Opera Town	Auction	Shengzhou	32.5%	61	33	61,739
14	Wuhan Huashan Project	Acquisition	Wuhan	80.0%	1,261	1,261	204,089
15	Chengdu Wenrude	Acquisition	Chengdu	60.0%	1,695	1,695	259,356
16	Ningbo Willow Breeze	Auction	Ningbo	51.0%	1,779	907	129,642
17	Ningbo Qiu'ai Project	Auction	Ningbo	51.0%	4,469	2,279	435,310
18	Hangzhou Fuyang Yinhu Block No. 20	Auction	Hangzhou	100%	802	802	104,088
19	Hangzhou Fuyang Yinhu Block No. 21	Auction	Hangzhou	100%	1,295	1,295	195,422
20	Ningbo Fenghua District Changting Village Block	Auction	Ningbo	100%	1,392	1,392	288,491
21	Bejing Wulituo Block	Auction	Beijing	50.5%	8,600	4,343	571,370
22	Hangzhou Xianlin Street Lixiang District Block A-14	Auction	Hangzhou	100%	1,505	1,505	141,370
23	Chengdu Huafu Block No. 175	Auction	Chengdu	45.0%	3,185	1,433	420,251
24	Nantong Gangzha District Block R17027	Auction	Nantong	100%	997	997	145,220

No.	Land/Project Name	Acquired by	City	Equity	Total Land Cost/ Acquisition Cost of the Projects (RMB million)	Paid by Greentown (RMB million)	GFA (sqm)
25	Nantong Gangzha District Block R17028	Auction	Nantong	100%	1,574	1,574	235,197
26	Shanghai Songjiang District Yongfeng Block	Auction	Shanghai	100%	602	602	38,446
27	Jinan New East Station Block A7	Auction	Jinan	100%	1,346	1,346	148,579
28	Hangzhou Xiaoshan Chaoyang Block	Auction	Hangzhou	100%	3,939	3,939	297,161
29	Chengdu Qingyang District Jinsha Block	Auction	Chengdu	100%	1,344	1,344	133,399
30	Qufu Chengyuan	Auction	Jining	100%	188	188	254,961
31	Xi'an Hongji New City Phase One	Acquisition	Xi'an	83.0%	1,677	1,677	883,943
32	Xi'an National Games Village Wenyuan Block	Acquisition	Xi'an	51.0%	235	235	328,249
33	Deqing Guanyun Town	Acquisition	Deqing	90.0%	778	778	254,046
34	Hainan Blue Town Block No. 2017-43	Auction	Lingshui	51.0%	371	189	21,020
35	Hainan Blue Town Block No. 2017-45	Auction	Lingshui	51.0%	709	362	88,133
36	Anji Peach Garden Block B4	Auction	Huzhou	85.0%	9	8	2,510
37	Anji Peach Garden Block F2	Auction	Huzhou	100%	54	54	9,877
Total					**64,381**	**44,224**	**8,588,643**

Hangzhou Xixi Yunlu

As at 31 December 2017, Greentown Group had a total of 98 land reserve projects (including projects under and pending construction) with an aggregate GFA of approximately 30.32 million sqm, of which approximately 19.02 million sqm was attributable to the Group. The total saleable area amounted to approximately 21.12 million sqm, of which approximately 13.02 million sqm was attributable to the Group. The average GFA land cost was approximately RMB5,098 per sqm. Projects in first- and second-tier cities accounted for 70% of the total saleable value.

Significant Improvement in Financial Structure and Innovative Development of Greentown Asset Management

Benefiting from the financial and credit support from the largest shareholder of the Company, China Communications Construction Group Ltd. ("CCCG"), and the positive prospects of the Company's overall operations, the net gearing ratio of the Company was 46.4% as at 31 December 2017, representing a significant decrease year-on-year (31 December 2016: 58.1%). Cash and bank balances amounted to approximately RMB35.98 billion, representing a record high of the Company. The weighted average interest cost of the total borrowings in 2017 was 5.4%, representing a further decrease from 5.9% in 2016.

The cost of newly-added land bank was approximately RMB44.2 billion in 2017 while the net increase of interest-bearing liabilities was only RMB9.9 billion, the structure of capital sources of the Company notably improved. On one hand, cash flow of the Company has been significantly refilled by the remarkable rise of cash collection from sales as well as the continued increase of the Group's equity interest in its projects. On the other hand, though confronted with increasingly stringent financial regulations, tightened financing environment and restricted financing channels, the Group has been constantly optimizing and innovating its financing management, which has provided a strong cushion for the operations and investments of the Company. The financing of the Group in open market has also been constantly strengthened. In July 2017, the Group successfully issued USD450 million senior perpetual securities redeemable in three years, the initial coupon rate was 5.250%, hitting a record low in the Group's overseas perpetual securities and bonds financing history. As of August 2017, the issuance of medium-term notes in the amount of RMB8.9 billion has been completed by four tranches. In addition, the Group received a no-objection letter from the Shanghai Stock Exchange on 27 December 2017 concerning the application for non-public issuance of RMB5 billion corporate bonds. The application for public issuance of RMB2 billion corporate bonds was also subsequently approved by the China Securities Regulatory Commission on 10 January 2018, and such corporate bonds were successfully issued on 12 March with an oversubscription rate of 3.12 times at a coupon rate as low as 5.50%. At the same time, the Group accelerated the integration of resources and strengthened effective communication with financial institutions. At present, the Group has completely replaced the replaceable high-interest bonds with interest rates higher than 7%, which significantly optimized the debt structure and laid a solid foundation for systematic improvement of the Group's asset structure.

Greentown Asset Management carries forward the strategy of "Asset Financialization", builds financial service platform, deploys industry investments across various sectors, with an aim to reinforcing the liquidity of holding assets, and helps improve the financial position of the Group. As for financing innovations, Greentown Asset Management steadily pushed forward financial leasing, commercial factoring, etc. and successfully issued the 3-years asset-backed securities (ABS) of the final housing receivables in the amount of RMB1.6 billion at an interest rate of 5.29% in July 2017. In addition, the Group has successfully completed the disposal of Beijing Xiaoyun Road Project and Oakwood Residence, which further optimized the asset structure. The Group efficiently strengthened the liquidity of holding assets through financial methods such as operating property loans and onshore guarantee for offshore loan, etc.

Leading Product Quality in the Industry and Constant Upgrade of Living Services

Under the background of stern regulation and control over the real estate sector, the residential nature of houses has gradually resumed, and people's requirements for products and services have been raised accordingly. For twenty-three years, the Group has always been adhering to the simple mission of "building more quality houses for more people" and "catering to the majority's demand for a wonderful life", sticking with the untiring quest for quality and continuing to provide quality products and services. In 2017, the Group was awarded "Leading Brands of Chinese Real Estate Enterprises by Customers' Satisfaction" for the 6th consecutive year with brand value reaching RMB29.076 billion in 2017, ranking first among mixed-ownership enterprises in the PRC. The Group was also awarded "Top 10 Chinese Real Estate Enterprises by Comprehensive Strength" and "Top 10 Chinese Real Estate Companies by Brand Value" for the 13th consecutive year, which has fully demonstrated the high degree of recognition among customers towards product and service quality of the Group.

Based on the improvement in product quality, the Group vigorously conducted reforms and innovations and consistently lifted efficiency of project development. In terms of quality control, it completed the establishment of a product systematic security system and simultaneously carried out "site open day" campaigns for customers and implemented Japanese-style management in all aspects to effectively secure product quality, safety and performance. In terms of product innovation, Hangzhou Phoenix Mansion and Hangzhou Osmanthus Grace launched Chinese-style three-layer courtyards and minimalist stacked villas respectively, which were widely acclaimed in the market. In addition, Hangzhou Phoenix Mansion was awarded with "Oriental Aesthetic Residence" in 2017, fully demonstrating the Group's leading position in product innovation and design. In terms of project operational efficiency, research and application of product standardization have achieved remarkable results. The design and decoration of Chongqing Orchid Residence and Ningbo Young City has been standardized, which has reduced design and overall development lead time for one month respectively. Pilot application of technologies such as assembled building and steel structure building also improved the efficiency of project development and operation. At the same time, the Group accelerated the application of green buildings and the newly acquired projects were designed and constructed in full accordance with the National Star Standard.

In order to fulfill the strategic goal of "Service Platform Building", Greentown Ideal Life actively explored "new products, new marketing and new services" and constantly upgraded its service content centered on the full-living-chain of customers and the full-life-cycle of housing products. First, it established the housing 4S business model with housing maintenance as the center, renewal, value-added and urban regeneration business as its backbone, and rapidly expanded its business scale by opening 35 stores in 17 cities across the country. Second, it innovated a business operation model and established a full-chain community business operation service system regarding consulting, planning, attracting business, operation, sales, as well as created a subway commercial street model – Hangzhou Young City Commercial Street. Third, it launched and operated three systems including real estate digital marketing platform, "Greentown+" Good Living Service APP and housing 4S service platform with the use of big data technology, which together formed an integrated service platform to centralize customers' data, enhance customers' royalty and continuously improve their living experience.

Hangzhou Osmanthus Grace

Outlook

Looking into 2018, local governments will actively implement differentiated regulatory and control measures on the real estate sector, shifting from a comprehensive restriction policy on purchase to the implementation of "one city with multiple policies" to satisfy the needs of first-time home buyers, support demand to improve housing conditions and curb speculations. It is expected that various means for promoting the establishment of long-term mechanism in real estate will be gradually implemented. With continuous net inflow of population, cities of large and medium size will provide more rental land, promote shared ownership housing and improve the supply of "commercial housing + government social security housing + rental housing + shared ownership housing" to realize the goal of "everyone has a house to live in".

In 2017, the Group accomplished sound results in inventory reduction in third- and fourth-tier cities. Coupled with sufficient impairment provision made for past intractable issues in its financial statements, the Group has substantially eliminated historical issues and was ready to embrace future growth. Meanwhile, the Group has expanded its investments remarkably by acquiring parcels of high quality land at reasonable prices. The land reserve structure has been further optimized, and the proportion of saleable resources in first- and second-tier cities increased significantly. Riding on this foundation, the Group will maintain modest financial leverage, while balancing the development of heavy asset and light asset businesses, and focusing on key investment projects, with an aim to back the continual quality growth of the Group.

Adhering to the Strategy of "Balancing the Development of Light Assets and Heavy Assets"

The Group will adhere to the strategy of "balancing the development of light assets and heavy assets", improve the overall quality and profitability of heavy assets, increase the ratio of light assets gradually, and drive the transformation of corporate development momentum from heavily relying on resources and capital to relying on team, brand and professional competence, and keep fortifying the company's risk control ability.

In terms of heavy assets, the Group will remain committed to real estate development and town construction with best quality, improve professional development capacity of Greentown Real Estate and Greentown Town Development and boost investment return on heavy assets. Greentown Real Estate will focus on core cities, and improve project turnover, cost effectiveness and profitability; Greentown Town Development will speed up the promotion of ideal town models, the cultivation of industry-oriented towns, the expansion of excellent town projects and the innovative development of reserved urban land, so as to pioneer among national characteristic towns.

In terms of light assets, firstly, the Group commits itself to creating an ecosystem that "co-creates value for and shares benefits with" clients, home owners, suppliers, employees and investors. Such model helps secure the rapid and quality growth of project management business and combat cyclical fluctuation of the real estate industry. As such, Greentown Project Management will cement its leading role in the project management industry and among national asset-light benchmarking companies, realizing a multi-win situation. Secondly, Greentown Ideal Life will further integrate and cultivate the education, medical, and elderly care businesses in order to strengthen the comprehensive effectiveness of its quality living services. Thirdly, the Group will establish Greentown Housing Technology Group to actively develop the light asset services covering housing 4S, decoration, electrical and mechanical, construction safety and so on. Fourthly, the Group will accelerate the construction of financial service platform for Greentown Asset Management with a view to boost the operation efficiency of holding properties, and to increase investments in high-quality light assets in the areas of new financial and new economy.

Capital Security

In 2018, the Group will continue to expand its financing channels; actively innovate the financing model; promote the diversified development of financial leasing, commercial factoring, funds and other innovative businesses; expand funding sources; gradually reduce finance costs, while increasing sales collection rate and strengthening the management of cash flow. The investment expansion in 2018 will be well supported by sound financial leverage and abundant cash, in particular the investment in key strategic projects.

Investment Expansion

In order to adapt to the changing market environment and resolve conflicts between its own resources shortcoming and quality growth, the Group will adhere to the investment strategy of "core cities, core areas", focusing on three urban agglomerations of "Yangtze River Delta", "Pearl River Delta", "Beijing-Tianjin-Hebei" and four metropolitan areas of "Beijing, Shanghai, Guangzhou and Shenzhen", to selectively develop third- and fourth-tier cities that benefit from industrial and population outflow from first- and second-tier cities. Taking profit and liquidity into consideration, the Group will also make prompt adjustment and replacement to its investment structure and actively grasp diversified opportunities to obtain projects. First, by riding on the experience gained from the development and construction of four National Games Village projects and service provision for the National Games, together with Greentown's brand influence and local advantages, the Group is in preparation for the bidding of Hangzhou Asian Games Village project with its best efforts. The Group will also leverage on its largest shareholder CCCG to actively seek participation in the development of Xiong'an New Area and the high quality urban construction projects under the "One Belt, One Road" Initiative. Second, the Group will actively build benchmarking projects that can demonstrate its product building capabilities, for instance, Hangzhou Phoenix Mansion project, to enhance its brand influence. Third, the Group will continuously capitalize on its advantages in the development of "railway + property" and seek to obtain projects atop railway stations in cities such as Hangzhou, Ningbo, Fuzhou, Xi'an and Foshan, to speed up the turnover of its projects. Fourth, it will vigorously promote the construction of ideal towns, expand ways to obtain projects, build and develop the characteristic industry chain system in the approved town projects, and implement the industry-orientated and town-industry-integration development mode. Fifth, the Group will take an active part in the mixed-ownership reform of state-owned enterprises related to real estate and focus on major mergers and acquisitions.

Furthermore, the Group will focus on two kinds of investments in 2018. First, it will further strengthen the cooperation with local government and be fully engaged in the complete chain of planning and construction of supporting facilities for large-scale sporting events, event services and assets operation after the games, forming Greentown's unique brand on event development and operation. In 2022, the 19th Asian Games will be held in Hangzhou. The Group will devote all its efforts to the preparation on tendering for the Hangzhou Asian Games Village Project by relying on its experience in managing National Games Village Projects for four consecutive sessions and its distinct advantages in the construction of games village project series. If the Group obtains this project, it will be provided with a number of supplementary high-quality land reserve, thus further solidifying its leading market position in Hangzhou. Second, the Group has established Greentown Xiong'an Urban Operation Company, making every effort to establish the strategic partnership with Xiong'an New Area through collaboration with CCCG. In particular, the Group will seek more cooperation opportunities in the fields it has been good at, such as construction of social security housing, government project management, construction of towns, high-quality boutique apartments as well as living services, etc.

Management Enhancement

The Group will promote standardization in terms of talent, quality, service, and budget in order to improve management level. The Group will follow the principle of matching talents with the right positions to accelerate the building of human resources mechanism and improve per capita efficiency; uphold its quality-oriented spirit to maintain the leading position in terms of product quality in the industry; continuously upgrade the service variety to better satisfy people's demand for a good life. Based on the goal of "profit maximization", the Group will insist on including all expenses in the budget management system, so as to control costs and expenses effectively.

Incentive Scheme

Taking into account the Company's current development, including its business strategy, organizational structure and profitability, the Group will establish a long-term incentive scheme known as "Business Partner", in an attempt to motivate employees to carry risks, create values and share profits with the Company.

As for share options, considering the Company's operations and financial performance, market value management and other factors in recent years, the Company granted an aggregate of 100 million share options to its executive directors and senior management on 27 December 2017, which continually motivates directors, management and outstanding employees of the Company to share the Company's growth, and attracts them to make more remarkable contributions to the Company's development.

As for management shareholding, the Group plans to select a group of management and core employees in 2018 to subscribe for a certain portion of the Company's shares. The Company is committed to achieving a win-win situation by further inspiring the enthusiasm and creativity of its staff, building a team of shared interests in making concerted efforts to enhance the Company's performance and market value.

In the meantime, the Group plans to implement a development results sharing program with an aim to drive value creation starting from 2018. By taking account of the net return on equity of city companies, the shareholding of the staff in the newly listed business segments, and shareholding of the operation teams of innovative businesses, it is set to encourage value creation and value contribution.

Saleable Resources in 2018

In 2018, the total saleable housing area of Greentown Group is estimated to reach approximately 12.11 million sqm, with a total saleable amount of approximately RMB235.1 billion. In 2018, Greentown Group will have 140 investment projects for sale. It is expected that the saleable housing area can reach approximately 6.41 million sqm, and the saleable amount is expected to reach approximately RMB157.3 billion, of which the saleable amount of the saleable property inventories in 2017 amounted to RMB41.3 billion, and the saleable amount for new saleable properties in 2018 is expected to be RMB116.0 billion. The saleable housing area in the first- and second-tier cities is about 3.65 million sqm, and the saleable amount is estimated to be approximately RMB106.6 billion, representing 68% of the saleable amount in 2018. The saleable housing area of Greentown's projects under project management in 2018 is estimated to reach 5.70 million sqm, with the saleable amount of approximately RMB77.8 billion.

With the full support of the state-owned enterprise CCCG and Hong Kong blue-chip enterprise Wharf, together with our founding shareholder Mr. SONG Weiping and other substantial shareholders, the Group will be persistent in riding on the innovation and practice of mixed ownership to accelerate the realization of its development into the No.1 Integrated Service Provider for an Ideal Life in China, to better satisfy customers' aspiration and expectation for a good life.

Financial Analysis

Revenue

The revenue of the Group mainly derives from the sales of properties, as well as from hotel operations, property rental, project management, sales of construction materials, and design and decoration, etc. During the Year, the revenue from property sales amounted to RMB37,936 million, accounting for 90.4% of the total revenue, and representing an increase of 48.6% from RMB25,521 million in 2016, which was mainly due to the higher average selling price of properties delivered. The average selling price of properties delivered for the Year was RMB19,146 per sqm, representing an increase of 70.2% from RMB11,247 per sqm in 2016, which was mainly due to Shanghai Bund House, one of the projects delivered during the Year, which is a high-end fit-out property with higher average selling price and accounting for 18.8% of total sales, pulling up the average selling price to a certain extent.

Hangzhou Willow Breeze

Properties with the revenue recognized by subsidiaries during 2017 were as follows:

Projects	Type of Properties	Area Sold (sqm) (Note)	Sales Revenue (RMB million)	% of Total	Average (RMB/sqm)
Shanghai Bund House	High-Rise Apartment	64,902	7,136	18.8%	109,950
Tianjin National Games Village	Integrated Community	219,188	5,919	15.6%	27,004
Hangzhou Qiantang Mingyue	High-Rise Apartment	226,032	5,027	13.3%	22,240
Hangzhou River South	Villa	23,450	2,212	5.8%	94,328
Fenghua Rose Garden	High-Rise Apartment, Villa	166,016	1,964	5.2%	11,830
Hainan Blue Town	Integrated Community	81,312	1,791	4.7%	22,026
Lin'an Spring Blossom	Villa	74,517	1,321	3.5%	17,727
Hefei Jade Lake Rose Garden	High-Rise Apartment	80,861	1,033	2.7%	12,775
Zhoushan Changzhi Island	Integrated Community	60,095	1,033	2.7%	17,189
Deqing Yingxi Arcadia	High-Rise Apartment, Villa	94,866	901	2.4%	9,498
Others		890,188	9,599	25.3%	10,783
Total		**1,981,427**	**37,936**	**100.0%**	**19,146**

Note: Area sold includes above ground and underground areas.

During the Year, projects in Hangzhou area achieved sales revenue of RMB10,506 million, accounting for 27.7% of the property sales, ranking first among all regions. Projects in Zhejiang area (excluding Hangzhou) achieved sales revenue of RMB8,946 million, accounting for 23.6% of the property sales, ranking second. Projects in Shanghai area achieved sales revenue of RMB7,136 million, accounting for 18.8%, ranking third.

During the Year, the Group's revenue generated from sales of high-rise apartments, low-rise apartments and serviced apartments reached RMB27,855 million, accounting for 73.5% of the property sales; sales revenue of villas reached RMB9,384 million, accounting for 24.7%; and sales revenue of offices reached RMB697 million, accounting for 1.8%.

During the Year, the Group's design and decoration business recorded a revenue of RMB2,091 million, representing an increase of 26.0% and RMB431 million from RMB1,660 million in 2016. Such increase was mainly due to the continuously stable expansion of its business scale as a result of the high degree of recognition among customer towards the high-end fit-out products and services provided by the Group's design and decoration business.

The Group's revenue from project management in 2017 amounted to RMB931 million, representing an increase of 14.4% from RMB814 million in 2016, mainly due to the fact that the current project management business platform of Greentown Management Holdings Company Limited (綠城管理控股有限公司) underwent continuous integration and promotion, project management scale took the lead, the brand of "Greentown Management" won great reputation in the industry and became a benchmark in project management industry, and the project management business appeared sound development momentum.

During the Year, the Group's revenue from hotel operations was RMB717 million, up 10.0% from RMB652 million in 2016, which was mainly due to the contribution made by several hotels of the Group which operations were mature as a result of their growing customer base.

During the Year, the Group's rental income from investment properties was RMB70 million, representing a decrease of 49.6% from RMB139 million in 2016, mainly due to the fact that during the Year, the Group disposed of the equity interest in a subsidiary, which held and rented Beijing Greentown Oakwood Residence Apartment Hotel. Please refer to "Material Disposals" below for details.

Gross Profit and Gross Profit Margin

During the Year, the Group achieved gross profit of RMB8,076 million, representing an increase of 34.1% from RMB6,022 million of the gross profit in 2016, which attributed to the substantial increase in sales income of the property during the Year and a corresponding increase in gross profit.

During the Year, the Group achieved gross profit margin of 19.2%. Excluding the fair value adjustment on the cost of sales which arises from the acquisition by the Group, the Group achieved gross margin of 32.3% for the Year, representing a significant increase from 21.4% in 2016. In that, the gross profit margin of property sales was 31.8%, representing a significant increase from 18.7% in 2016, which was mainly due to the fact that Shanghai Bund House delivered for this Year, was a luxury decoration and high-rise residential, of which sales ranked first, achieved higher gross profit margin of property sales.

Other Income

During the Year, the Group acquired other income of RMB1,223 million, representing an increase of 25.2% from RMB977 million in 2016, mainly including interest income, net foreign exchange gains and comprehensive service income, etc.

During the Year, the Group acquired net foreign exchange gains of RMB511 million, mainly due to large amount of foreign currency borrowings of the Group and the more appreciation of RMB against US dollar in 2017. In 2016, net foreign exchange losses of RMB528 million were included in administrative expenses.

Sales and Administrative Expenses

During the Year, the Group generated sales expenses of RMB1,617 million, administrative expenses of RMB2,860 million, the aggregate amount of RMB4,477 million, representing an increase of RMB269 million or 6.4% as compared with the aggregate amount of RMB4,208 million in 2016, which was due to an increase of human resource cost.

The human resource cost is the single largest expenditure in sales and administrative expenses. During the Year, we generated RMB1,931 million (2016: RMB1,476 million), representing a year-on-year increase of 30.8%. On one hand, during the Year, the Group's property sales income increased significantly and the performance related incentive payments also increased accordingly. On the other hand, during the Year, the Group coordinated with the five-in-one control system and recruited various kinds of talents, which rose human resource cost.

During the Year, expenses incurred in marketing activities amounted to RMB727 million (2016: RMB599 million), up 21.4% as compared with last year, mainly due to the fact that the Group actively expanded its marketing channels and there was a significant increase in sales during the Year. However, the Group also strictly controlled the expenses with a relatively lower marketing expenses, and the fee ratio has decreased significantly. The daily operating expenses amounted to RMB934 million (2016: RMB929 million), a certain decrease in basic expenses including office expenses, travel expenses, conference fees, and utilities fees and property management fees, etc. The main reason is that during the Year, the Group implemented the comprehensive budget management boosted with the cost control information system, and further optimized the cost standard and the control measures according to the budget implementation conditions. The level of cost control has thus been improved.

Finance Costs

The total interest expenses during the Year was RMB3,718 million, representing an increase of RMB250 million from RMB3,468 million in 2016, mainly due to the increase in the weighted average of loan balance outstanding. The weighted average interest cost during the Year was 5.4%, representing a decrease as compared with 5.9% in 2016, which was mainly due to the continuous optimization of debt structure, expansion of the financing channels and active innovation of financing model. In the meantime, the Group promoted the property financialization. During the Year, the Group issued medium-term notes of RMB8.9 billion, senior perpetual securities of USD450 million, and asset-backed securities (ABS) of the final housing receivables of RMB1.6 billion, achieving a further reduction in finance costs on the basis of the previous two years.

During the Year, interest expenses recorded in the consolidated statement of profit or loss and other comprehensive income was RMB1,477 million (2016: RMB1,037 million). During the Year, the capitalized interest was RMB2,241 million, at a capitalization percentage of 60.3% (2016: 70.1%).

Share of Results of Joint Ventures and Associates

During the Year, the Group's share of results of joint ventures amounted to an aggregate loss of RMB8 million and the share of results of associates amounted to an aggregate gain of RMB558 million, a total profit of RMB550 million, representing a decrease of RMB875 million from RMB1,425 million in 2016. The decrease was mainly due to the decrease in provision for impairment losses against some properties and the decrease in gross profit from property sales.

During the Year, the Group's associate, Qingdao Greentown Huajing Real Estate Co., Ltd. (Qingdao Deep Blue Center) provided an impairment loss of RMB452 million, reducing the Group's share of results of associates by RMB181 million.

During the Year, revenue from property sales recognized by joint ventures and associates amounted to RMB27,633 million in aggregate, representing a decrease of 2.7% from RMB28,414 million in 2016, gross profit from property sales amounted to RMB4,215 million, representing a decrease of 21.1% from RMB5,341 million in 2016, which was mainly due to the projects with the revenue of Hangzhou Wulin No. 1 and Yiwu Rose Garden in 2016 with sales and a relatively higher gross profit from property sales.

Zhoushan Changzhi Island

Projects with the revenue recognized by joint ventures and associates in 2017 were as follows:

Projects	Category	Type of Properties	Area Sold (sqm) (Note)	Sales Revenue (RMB million)	% of Total	Average Selling Price (RMB/sqm)
Hangzhou Zhijiang No. 1	Joint Venture	High-Rise Apartment	135,693	2,972	10.8%	21,902
Hangzhou Young City	Joint Venture	High-Rise Apartment	130,070	2,181	7.9%	16,768
Wuxi Lihu Camphora Garden	Joint Venture	High-Rise Apartment, Villa	108,860	1,796	6.5%	16,498
Shenyang National Games Village	Joint Venture	High-Rise Apartment	215,571	1,356	4.9%	6,290
Hangzhou Wulin No. 1	Associate	High-Rise Apartment	49,078	3,636	13.2%	74,086
Lishui Xiuli Chunjiang	Associate	High-Rise Apartment	127,704	2,025	7.3%	15,857
Jinan National Games Village	Associate	High-Rise Apartment, Villa	93,893	1,902	6.9%	20,257
Qingdao Deep Blue Center	Associate	High-Rise Apartment	25,056	1,426	5.2%	56,913
Hangzhou Hope Town	Associate	High-Rise Apartment, Villa	48,904	1,153	4.2%	23,577
Hangzhou Xizi International	Associate	High-Rise Apartment, Office	38,243	1,111	4.0%	29,051
Others			677,517	8,075	29.1%	11,919
Total			**1,650,589**	**27,633**	**100.0%**	**16,741**

Note: Area sold includes above ground and underground areas.

Taxation Expenses

During the Year, taxation included the LAT of RMB2,150 million (2016: RMB431 million) and enterprise income tax of RMB1,570 million (2016: RMB1,095 million). During the Year, the effective enterprise income tax rate was 38.3% (excluding share of results of joint ventures and associates and the losses of certain offshore subsidiaries), higher than the statutory tax rate of 25.0%. It was mainly attributable to the early provision for withholding tax on dividend, the unrecognized deferred tax assets of the losses of certain onshore subsidiaries, fair value change on cross currency swaps, fair value changes on early redemption options of senior notes and the expenses not deductible for tax purposes.

Gain from Changes in Fair Value of Investment Properties

Investment property is a property held for rental earning and measured at fair value. The Group commissioned DTZ Debenham Tie Leung Limited to provide valuation on investment properties located in Dalian, Qingdao, Zhuji and etc. According to the results of the valuation, the gain from changes in fair value of investment properties amounted to RMB253 million in 2017 (2016: a gain of RMB50 million).

Fair Value Changes on Early Redemption Options of Senior Notes

All of the senior notes of the Group contain early redemption options. Early redemption options are regarded as embedded derivatives not closely related to the host contracts. During this Year, the fair value changes on early redemption options of senior notes resulted in a loss of RMB157 million (2016: a loss of RMB101 million).

Provision and Reversal of Provision for Impairment Losses for Certain Asset

In light of the rapid change of market environment, the Group commissioned DTZ Debenham Tie Leung Limited to provide valuation on some properties. According to the results of the valuation, Zhoushan Putuo Greentown Industry Investment Co., Ltd., a subsidiary of the Company, recognized a reversal of impairment provision of RMB7 million in 2017 (2016: a reversal of impairment provision of RMB35 million), and Xinchang Greentown Real Estate Co., Ltd., a subsidiary of the Company, recognized a reversal of impairment provision of RMB13 million (2016: a reversal of impairment provision of RMB3 million). A total of impairment provision of RMB20 million was reversed.

The Group respectively provided for impairment loss of certain subsidiaries for their completed properties for sale during the Year as follows:

Name of Company	Name of Project	Impairment Loss (RMB million)
Hangzhou Yuhang Jinteng Real Estate Development Co., Ltd.	Hangzhou Blue Patio	156
Fenghua Greentown Real Estate Development Co., Ltd.	Fenghua Rose Garden	75
Taizhou Gili Jiayuan Real Estate Development Co., Ltd.	Taizhou Rose Garden	42
Qingdao Greentown Huachuan Real Estate Co., Ltd.	Qingdao Ideal City	38
Greentown Hengji Daqing Real Estate Development Co., Ltd.	Daqing Majestic Mansion	26
Xintai Greentown Real Estate Co., Ltd.	Xintai Yulan Garden	15
Total		**352**

In addition, an impairment loss of RMB431 million was made by the Group on the amount due from the related parties during the Year, mainly to address the impairment loss of RMB424 million made by the Group on the amount receivable from Wenzhou Greentown Development Real Estate Development Co., Ltd. (Wenzhou Begonia Bay). The doubtful debt provision of RMB216 million was made by the Group on trade and other receivables during the Year, mainly resulting from the Group's objective analysis towards the recoverability on some amounts that showed indication of impairment.

Pre-sale Deposits

Pre-sale deposits represent the amounts received from the pre-sale of properties. The amounts will be recognized as sales revenue upon delivery of properties. As at 31 December 2017, the balance of pre-sale deposits of the Group was RMB65,900 million, representing an increase of RMB27,477 million or 71.5% from RMB38,423 million as at 31 December 2016, mainly due to the substantial increase in contracted sales of the Group during the Year.

As at 31 December 2017, the balance of pre-sale deposits of joint ventures and associates was RMB47,457 million, representing a decrease of RMB3,448 million or 6.8% from RMB50,905 million as at 31 December 2016.

Financial Resources and Liquidity

As at 31 December 2017, the Group had bank balances and cash (including pledged bank deposits) of RMB35,977 million (as at 31 December 2016: RMB24,971 million). Total borrowings amounted to RMB57,706 million (as at 31 December 2016: RMB47,834 million) and the net borrowings (total borrowings less bank balances and cash) amounted to RMB21,729 million (as at 31 December 2016: RMB22,863 million). The net gearing ratio was 46.4%, representing a significant improvement as compared to 58.1% as at 31 December 2016, which was mainly due to the fact that during the Year, the Group increased the capital utilization efficiency while strengthening its efforts on financing and coordination, which enabled the Company to maintain good cash flows and reasonable debt ratio.

Greentown Group has obtained facilities of RMB189.7 billion from financial institutions, of which approximately RMB132.7 billion were available as at 31 December 2017.

Material Disposals

On 7 May 2017, the Group entered into an equity transfer agreement with an independent third party, pursuant to which the Group agreed to dispose its 100% equity interests held in Li Tao (Hangzhou) Construction Design Company Limited* (力濤(杭州)建築設計諮詢有限公司), a wholly-owned subsidiary of the Group, and 100% equity interest held in Beijing Greentown Yinshi Real Estate Co., Ltd.* (北京綠城銀石置業有限公司) comprising a serviced apartment and two undeveloped land parcels in Beijing, the considerations for the equity transactions were RMB1,409 million and RMB1,344 million, respectively. These disposals increased the net profit of the Company by RMB1,202 million for the Year. For details about the disposals above, please refer to the announcement of the Company dated 7 May 2017.

Business combinations

The Group responded to the national strategy and actively followed up with the construction project of a series of events services in the National Games Village. During the Year, Tianjin Greentown National Games Village Construction Development Co., Ltd.* (天津綠城全運村建設開發有限公司) ("Tianjin National Games Village") became a subsidiary of the Company, which was previously a joint venture of the Company, due to changes of its board of directors and the articles of association. The company holds and develops Tianjin National Games Village. During the Year when the business was consolidated, the Group re-measured the company's net assets at fair value, of which a gain of re-measurement of the joint venture to acquisition date fair value of RMB1,621 million was recognized. The gain generated from the business combination and the effect of fair value adjustments on costs totaled a net profit of the Company of RMB223 million.

Risks of Foreign Exchange Fluctuation

The principal place of operation of the Group is the People's Republic of China, and the majority of the income and expenditure were settled in RMB. The Group had deposits in foreign currencies, amount due from and to the related parties and third parties denominated in foreign currencies, as well as bank borrowings and overseas senior notes balance at an aggregate amount of approximately USD1,940 million. As such, the Group was exposed to exchange rate risk. However, the Group's operating cash flow and liquidity is not subject to significant influence from fluctuations in exchange rates, but the Company is actively exploring foreign exchange hedging plans with major banks, though no foreign exchange hedging arrangements have been entered into as at 31 December 2017.

Financial Guarantees

The Group provided financial guarantees to banks for mortgage facilities granted to buyers of the Group's properties. As at 31 December 2017, such financial guarantees amounted to RMB30,777 million (as at 31 December 2016: RMB27,361 million).

Pledge of Assets

As at 31 December 2017, the Group pledged prepaid lease payment, investment properties, properties for development, properties under development, completed properties for sale, property, plant and equipment, pledged bank deposits, interests in joint ventures and interests in associates, with an aggregate carrying value of RMB42,359 million (as at 31 December 2016: RMB37,698 million) to secure general credit facilities granted by banks and other financial institutions to the Group.

Capital Commitments

As at 31 December 2017, the Group had contracted, but not provided for, capital expenditure commitments of RMB19,815 million (as at 31 December 2016: RMB11,000 million) in respect of properties for development, properties under development and construction in progress.

Capital Expenditure Plan

In consideration of the complicated and highly uncertain economic environment, the Group takes a prudent approach towards the use of funds to secure the capital chain. Currently the Group has no material capital expenditure plan.

Human Resources

As at 31 December 2017, the Group employed a total of 5,446 employees (2016: 5,334). The employees of the Group were remunerated on the basis of their performance, experience and prevailing industry practices. The Group's remuneration policies and packages were reviewed by the remuneration committee of the Company and the Board on a regular basis. As an incentive for the employees, bonuses and cash awards may also be granted to the employees based on their individual performance evaluation.

The Company has adopted the Share Option Scheme as an incentive to directors and eligible employees. Details of the Share Option Scheme are set out in note 37 to the Consolidated Financial Statements.

Retirement Benefit Scheme

The Group has joined a mandatory provident fund scheme ("MPF Scheme") for all employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules.

The employees of the Group's subsidiaries in the PRC are members of the state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of payroll costs to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the specified contributions.

Events After the Balance Sheet Date

On 29 January 2018, the Company entered into a framework agreement with Wharf and the other parties thereto in relation to the joint development of a piece of land in the Xiaoshan District of Hangzhou, Zhejiang province of the PRC into residential properties. The land has a gross site area of approximately 70,129 sqm, which is intended to be developed into residential properties with a total gross floor area of approximately 196,361 sqm, with a floor area ratio of 2.8. The entering into of the agreement and the transactions contemplated thereunder constitute a connected transaction of the Company. Please refer to the announcement of the Company dated 29 January 2018 for the details of this transaction.

On 1 February 2018, Greentown Town, a wholly-owned subsidiary of the Company, entered into a shareholders' agreement with CCCC Investment Co., Ltd.* (中交投資有限公司) ("CCCC Investment") and CCCC Southwest Investment and Development Co., Ltd.* (中交西南投資發展有限公司) ("CCCC Southwest Investment") in relation to the formation of a joint venture. Pursuant to such agreement, the joint venture will have a registered capital of RMB400 million, of which RMB184 million, RMB180 million and RMB36 million will be contributed by CCCC Investment, Greentown Town and CCCC Southwest Investment, accounting for 46%, 45% and 9% of the total registered capital of the joint venture respectively. The joint venture is proposed to be established primarily for carrying out the preliminary works of the China Agricultural Expo Town Project (中國農博小鎮項目) in Chengdu, jointly building characteristic towns, pastoral complexes and other projects.

Biographical Details of Directors and Senior Management

SONG Weiping

Co-chairman of the Board and Executive Director
Born in June 1958

Mr SONG Weiping founded our Company in January 1995, and is primarily responsible for the formulation of our development strategies, as well as supervising our project planning, design and marketing. He is also a director of certain subsidiaries or associates of the Company. Mr SONG graduated from Hangzhou University with a bachelor's degree in history in 1982. In 2004 and 2005, Mr SONG was honored as one of the Ten Leaders of the Residential Property Sector in Zhejiang awarded jointly by Zhejiang Daily, the China Housing Industry Association and Special Committee of the China Construction Industry Association. In 2004, Mr SONG received the China Construction Architecture Award (Individual Contribution Award). Mr SONG was ranked as one of the "Top Ten Outstanding Real Estate Leaders of New Urbanization" in 2014. He is the vice chairman of the sixth Council of China Real Estate Association and the vice chairman of Zhejiang Provincial Real Estate Association. Mr SONG is interested or deemed to be interested in the shares of the Company for the purpose of Part XV of the SFO by holding shares through his controlled corporations, namely Delta House Limited and Hong Kong Orange Osmanthus Foundation Limited. He is also a director of Delta House Limited and Hong Kong Orange Osmanthus Foundation Limited. Mr SONG was redesignated from the chairman of the Board to co-chairman of the Board with effect from 27 March 2015.

LIU Wensheng

Co-chairman of the Board and Executive Director
Born in August 1960

Mr LIU Wensheng is the secretary of the board of directors, the company secretary and the chief economist of CCCC. He also serves as the chairman of CCCC International Holding Limited (中交國際(香港)控股有限公司) and Friede Goldman United, Ltd., as well as the director of CCCC Dredging (Group) Holdings Co., Ltd. (中交疏浚(集團)股份有限公司). Mr LIU graduated from Dalian Maritime University (formerly known as Dalian Maritime College) with a bachelor's degree in Engineering. He is a senior engineer. Mr LIU joined China Harbour Engineering Company Ltd. (中國港灣工程有限責任公司) in 1982 and possesses rich experience in operation and management. He served as the deputy general manager of CCCC Tianjin Dredging Co., Ltd. (中交天津航道局有限公司), the vice-chief economist and the general manager of corporate planning of China Harbour Engineering Company Ltd. (中國港灣工程有限責任公司) and the chief economist of CCCG. Mr LIU was appointed as non-executive Director of the Company on 22 June 2015 and he subsequently was redesignated as our executive Director and was appointed as co-chairman of the Board on 15 January 2016.

SUN Guoqiang

Executive Director
Born in October 1966

Mr SUN Guoqiang is the assistant to the president of CCCC, the chairman of the board and party committee secretary of CCCC Real Estate Group Co., Ltd (中交房地產集團有限公司), a subsidiary of CCCG, the chairman of the board of CCCG Overseas Real Estate Pte. Ltd. (中交海外房地產有限公司). Mr SUN is a professorate senior engineer and enjoys government special allowance. Mr SUN joined CCCG in 1991 and has wealth of experience in operation and administration. Mr SUN was a director and general manager of CCCC Fourth Harbor Engineering Co., Ltd. (中交四航局). Mr SUN graduated from the Jiangxi Industrial University with a bachelor's degree in water engineering. He has also obtained a master's degree in water structural engineering from the Tianjin University and a master's degree in business administration from the Cheung Kong Graduate School of Business. Mr SUN was appointed as the executive Director of the Company on 27 March 2015.

SHOU Bainian

Executive Director (Resigned on 6 April 2018)
Born in March 1954

Mr SHOU Bainian graduated from Hangzhou University with a bachelor's degree in History in 1982. Between 1982 and 1998, he worked at the government office of Yin County of Zhejiang Province, the general office of Ningbo Municipal Government and China Huaneng Group's Zhejiang subsidiary. Mr SHOU joined us in April 1998. He is a vice chairman of Hangzhou Real Estate Association. Mr SHOU is interested or deemed to be interested in the shares of the Company for the purpose of Part XV of the SFO by, among other things, holding shares through his controlled corporation, Profitwise Limited. He is also a director of Profitwise Limited. Mr SHOU resigned as an executive vice chairman of the Board and a member of the investment committee with effect from 27 March 2015. He also resigned as the chief executive officer of the Company with effect from 22 June 2015.

CAO Zhounan

Executive Director and Chief Executive Officer
Born in April 1969

Mr CAO Zhounan graduated from Zhejiang University of Finance & Economics (浙江財經學院) in 1991, majoring in financial accounting. He obtained a master's degree from Université du Québec, Canada in 2009, majoring in Business Administration. Mr CAO started his career in 1989. From 1991 to 1995, he served as the deputy chief, the chief and the secretary of the Youth League Committee of Zhejiang Provincial Finance Bureau. From 1996 to 1998, seconded by Zhejiang Provincial Party Committee (浙江省委組織部), he took up the position as an assistant to the county mayor of Zhejiang Province Yunhe County People's Government (浙江省雲和縣人民政府). From 1998 to 2001, he was the deputy division chief (副處長) of the Zhejiang Provincial Finance Bureau. From 2001 to 2005, he served as an assistant to the general manager of Zhejiang Provincial Railway Investment Group Co., Ltd. (浙江鐵路投資集團). From 2005 to 2009, he served as the vice general manager of Zhejiang Provincial Railway Investment Group Co., Ltd. From 2004 to 2009, he was also appointed as the chairman of Zhejiang Asset Management Company (浙江資產管理公司). Mr Cao joined Greentown Real Estate in February 2009 as the executive general manager and was responsible for the overall operation and management in relation to the Group companies and its subsidiaries. Mr CAO was appointed as an executive director of the Company from 1 July 2011 to 27 March 2015. On 24 March 2015, he was appointed as a director of Greentown Real Estate. Mr CAO was appointed as an executive Director and chief executive officer of the Company on 22 June 2015, and he is responsible for the overall operations and management of Greentown China. Currently, Mr CAO also serves as a director of Greentown Real Estate, Greentown Project Management, Greentown Asset Management, Greentown Town Development and Greentown Ideal Life.

LI Qingan

Executive Director
Born in May 1966

Mr LI Qingan graduated from the Department of Management (Engineering and Finance Accounting Profession) of Changsha Communications University (長沙交通學院管理系) with a bachelor's degree in Engineering and Finance Accounting. He is a senior accountant. Mr LI started his career as a financial accountant of the Ministry of Transportation and Communications in July 1989. Mr LI joined China Road Bridge Corp. (CRBC, 中國路橋集團) in September 1998 and has rich experience in finance management. He served as the general manager of finance and accounting department of CRBC, the general manager of finance and accounting department of CCCC, the provisional party secretary and the director of CCCC Finance Company (中交財務公司). Mr LI joined the Company in March 2015. Currently, Mr LI also serves as an executive director of Greentown China, in which he is responsible for the financial and capital management of the Company, and he also serves as the Chairman of Greentown Asset Management, as well as a director of Greentown Real Estate, Greentown Project Management, Greentown Town Development and Greentown Ideal Life. Mr LI was appointed as our executive Director on 22 June 2015.

LI Yongqian

Executive Director
Born in November 1974

Mr LI Yongqian graduated from Zhengzhou University (formerly known as Zhengzhou University of Technology) with a bachelor's degree in Architecture. He obtained a master's degree in Business Administration from Beijing Institute of Technology and a doctor's degree in Law from the Central University for Nationalities. He is a senior engineer. Mr LI joined CCCG in January 2014 with rich experience in operation and management. He served as the general manager of the coordination and management department of China State Construction Real Estate Co., Ltd. (中國中建地產有限公司), the deputy general manager of China Hydropower Construction Group Real Estate Co., Ltd. (中國水電建設集團房地產有限公司), the deputy general manager of the real estate division of China Electric Power Construction Group (中國電力建設集團) and the deputy general manager of the real estate division of CCCG. Mr LI joined the Company in March 2015. Currently, he serves as an executive director of Greentown China, and he also serves as the Chairman of Greentown Real Estate, as well as a director of Greentown Project Management, Greentown Asset Management, Greentown Town Development and Greentown Ideal Life. Mr LI was appointed as our executive Director on 15 January 2016.

JIA Shenghua

Independent Non-Executive Director
Born in January 1962

Mr JIA Shenghua is a professor of Zhejiang University and serves as the director of Zhejiang University's Property Research Center. Mr JIA graduated from the Northwest Agricultural University with a doctorate degree in agricultural economics and management. Since 1989, Mr JIA has been teaching and conducting researches in property economics, property development, and enterprise management in China. He furthered his study in Germany from 1993 to 1994 on a land appraisal course. He is currently a member of Zhejiang Enterprises Management Research Society, Zhejiang Land Academy and Hangzhou Land Academy. Mr JIA is also an executive council member of the Global Chinese Real Estate Congress, a presidium member of the China Association of Real Estate Academicians, and a member of the Expert Committee of the China Real Estate Research Association. At present, Mr JIA acts as an independent non-executive director of China Calxon Group Co., Ltd. (stock code: 000918.SZ) and Hangzhou Binjiang Real Estate Group Co., Ltd. (stock code: 002244.SZ), both of which are listed in Shenzhen. Mr JIA was appointed as our independent non-executive Director on 22 June 2006.

KE Huanzhang

Independent Non-Executive Director
Born in August 1938

Mr KE Huanzhang graduated in 1962 from Southeast University (東南大學) (formerly known as Nanjing Industrial Institute (南京工學院)) and his major was construction. Mr KE has over 40 years of experience in the areas of housing, urban rural development and town planning. From 1979 to 1986, Mr KE served as the deputy division chief and deputy director-general of the Beijing Planning Bureau (北京市規劃局). From September 1986 to March 2001, Mr KE was the dean and a professorate senior urban planner of the Beijing Municipal Institute of City Planning and Design (北京市城市規劃設計研究院). Mr KE was appointed as our independent non-executive Director on 22 June 2009.

SZE Tsai Ping, Michael

Independent Non-Executive Director
Born in June 1945

Mr SZE Tsai Ping, Michael is a fellow of Institute of Chartered Accountants in England and Wales, Hong Kong Institute Certified Public Accountants and Association of Chartered Certified Accountants. Since 2007, Mr SZE has been appointed as an independent non-executive director of Harbour Centre Development Limited (stock code: 00051.HK), and also served as the chairman of the Audit Committee and the Remuneration Committee and a member of the Nomination Committee of that company. Mr SZE has over 30 years of experience in the financial and securities field. He graduated with a Master of Laws (LLM) degree from the University of Hong Kong. He was a former member of the Securities and Futures Appeals Tribunal. He was also a former council member and member of the Main Board Listing Committee of the Stock Exchange of Hong Kong Limited. Mr SZE was appointed as our independent non-executive Director on 22 June 2006.

HUI Wan Fai

Independent Non-Executive Director
Born in April 1976

Mr HUI Wan Fai is the managing partner of PAG (formerly known as Pacific Alliance Group). Mr HUI has previously served the Blackstone Group as a managing director. Mr HUI was a managing director of Mellon HBV Alternative Strategies LLC, a New York based hedge fund under Mellon Bank, from 2005 to 2006, where he acted as head of distressed investment for China. Mr HUI obtained a master's degree in Business Administration from INSEAD in 2004 and a master's degree in International and Public Affairs from the University of Hong Kong in 2002. Mr HUI obtained a bachelor's degree in Business Administration from the University of Hong Kong in 1998. Mr HUI holds the qualifications of Certified Public Accountant from the Association of Chartered Certified Accountants, United Kingdom, Chartered Financial Analyst from the CFA Institute, the United States of America and Associate of HKICS from the Hong Kong Institute of Chartered Secretaries, Hong Kong. Mr HUI was appointed as our independent non-executive Director on 1 April 2012.

Senior Management

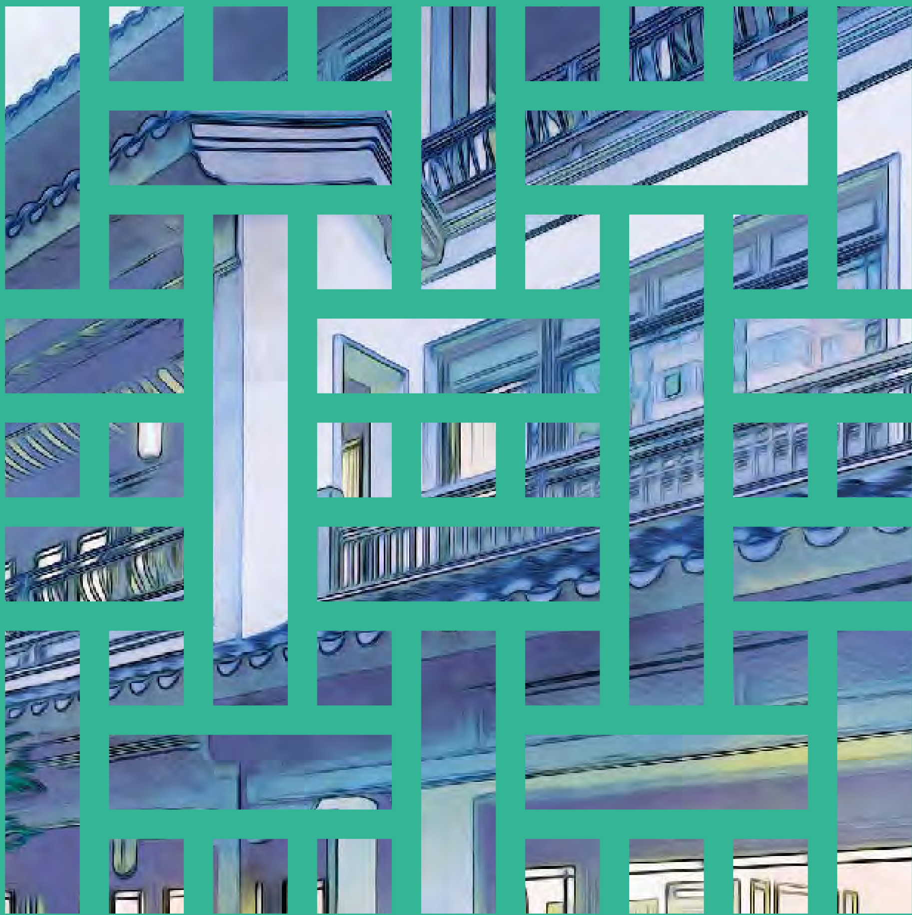
YING Guoyong, born in September 1961, is currently the executive general manager of Greentown China and a director of Greentown Real Estate Group Co., Ltd. (綠城房地產集團有限公司), a principal subsidiary of the Group. He is primarily responsible for the development and management of the Group. Mr YING graduated from Hangzhou University majoring in Law and obtained a bachelor's degree. Mr YING has over 20 years of experience in operation and management. He began his career in July 1985 and used to work in the Teaching and Research Group of Zhejiang Province CPC. School, the Corporate Office of CPC Youth of Zhejiang Province Committee and Zhejiang Youth Travel Service Co. Ltd. and Zhejiang China Travel Greentown Investment Property Co., Ltd (浙江中旅綠城投資置業公司). Mr YING joined the Group in June 2001.

DU Ping, born in December 1970, is currently a vice president of Greentown China and the chairman of the board of Greentown Ideal Life. He is primarily responsible for the building of corporate culture and value, corporate brand management, customer service management of the properties and operation of digital management platform of the Group. Mr DU graduated from Hangzhou University with a bachelor's degree in Arts. Mr DU began his career in July 1990 and used to work in Hangzhou Daily (杭州日報社) as a reporter, a senior reporter, a chief reporter, the director of sports department, the director of the financial news center, and a member of editorial committee. Mr DU joined the Group on 9 March 2015.

FUNG Ching, Simon, born in February 1969, is the chief financial officer, company secretary and one of the authorised representatives of the Company. Prior to joining the Group in August 2010, Mr FUNG served as the chief financial officer and secretary to the board of directors of Baoye Group Company Limited (寶業集團股份有限公司), a company listed in Hong Kong (stock code: 02355.HK), between 2004 and 2010, and he worked in PricewaterhouseCoopers between 1994 and 2004. Mr FUNG has over 13 years of experience in managing finance and accounting functions, mergers and acquisitions, fund raising and investor relations for PRC corporations listed in Hong Kong, and has over 10 years of experience in auditing, accounting and business advisory with a "Big-4" international accounting firm. Mr FUNG graduated from Queensland University of Technology in Australia with a bachelor's degree, majoring in Accountancy. He is a fellow of Hong Kong Institute of Certified Public Accountants and a fellow of the CPA Australia. Mr FUNG is currently an independent non-executive director of Hainan Meilan International Airport Company Limited (海南美蘭國際機場股份有限公司), a company listed in Hong Kong (stock code: 00357.HK), and he also serves as a non-executive director of Baoye Group Company Limited. Mr FUNG was appointed as an independent non-executive director of China Logistics Property Holdings Co., Ltd. (中國物流資產控股有限公司) (stock code: 1589. HK) with effect from July 2016.

YANG Wei, born in May 1981, is a vice president of Greentown China and primarily responsible for human resources of the Group and administrative management. Ms YANG graduated from Hangzhou Normal University with a master's degree in Ethnomusicology. Ms YANG has certificates of Certified Human Resources Manager, Certified Qualification of Grade II Counseling Psychologist and Intermediate Economist. Ms YANG began her career in February 2004 and has worked as a teaching staff in the Art Department of Zhejiang University of Technology as well as the secretary of the chairman and the deputy general manager of Wuyang Construction Co., Ltd. (五洋建設集團). Ms YANG joined the Group in December 2009 and served as the General Manager and Vice-president of the operation center of Greentown Property Construction Company.

Hangzhou Phoenix Mansion



Environmental and Social Responsibility Report

Environmental and Social Responsibility Report

About the Report

Basis of Preparation

It is the second Environmental and Social Responsibility Report (the "Report") published by the Company for the public. The Report discloses the performance of the Group in the environmental and social aspects in 2017. Through this report, we hope that you will understand our efforts better and be willing to feed back your expectations on us, in order to enhance mutual trust.

Scope of the Report

The purpose of the Report is to give a balanced account of the Group's environmental and social policies and performance. Unless otherwise stated, the scope of the Report covers the Company and its subsidiaries for the reporting period from 1 January to 31 December 2017. The content regarding the corporate governance of the Company will be presented separately in the section headed "Corporate Governance Report" in this annual report.

Guidelines of the Report

The Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") of The Stock Exchange of Hong Kong Limited (the "HKEx"), which focuses on disclosing the Group's annual performance in environmental and social aspects.

Declaration of the Report

The Report focuses on process management, emphasizes the importance, substantiality, balance, readability of the contents, and comprehensively introduces the philosophy, actions, effectiveness and commitments of the annual performance. The Group is responsible for the reliability, truthfulness and objectivity of the information in the Report. We would like to enhance the communication with our stakeholders and display the transparency of the Company through the publication of the Report, as well as to achieve sustainable development in the economic, social and environmental aspects.

Quality Responsibility

Our Believes

"Sincerity, Goodwill, Exquisiteness and Perfection" is the basic value of the Group as well as our quality guideline. Every project of the Group has a full set of stringent standards in respect of cost input, construction technique, ancillary facilities and residential technology, covering planning and design, engineering management, supervision and so on, in order to meet the quality requirements of the Group.

Safety Management Mechanism

We are of the view that a healthy positive safety system shall cover two major areas of "product safety" and "construction safety". Product safety is to provide products without safety defects for home owners. Construction safety is to provide working environment with high-level safety for internal and external engineering personnel. The Group strongly emphasizes the two aspects above and identifies the specific responsibilities of security officers at all level, sets up a clear system of reward and punishment and requires to put an end to the phenomenon of submitting approved drawings but delivering products with safety defects, so as to realize full control in the three stages of design, construction and delivery.

In the process of safeguarding product safety, we establish a safety structure centered on five aspects, namely, the establishment of a safety organization system, a product safety system, a product safety supervision and valuation system, a property inspection system and a contingency management system. We will continue to publicize the safety concepts to embed the safety-first value into the hearts of each employee, and dedicate to providing quality and secured housing products for property owners.

- Publicizing to increase the awareness of product safety in various product professional conferences.
- Holding special conferences on security risk points in the drawing review.
- Organizing training and learning programs periodically and including the drawing review core - safety contents into quarterly must-know tests

Training and Publicity of Product Safety:

"Construction Safety" is one of our most concerned issues during the construction process. The Group has established long-term partnerships with many well-known domestic construction companies to further ensure the construction quality and safety of each project. For the development of the Group's own projects, we have also created an "one household, one file" management system, taking records and creating files of all the hidden engineering and key nodes since construction starts, so as to safeguard the safety of owners.

Quality Supervision System

In terms of quality supervision, the Group always adheres to the most stringent standards by building a comprehensive supervisory system from the perspective of project companies, third party companies and customers, etc. To further check the quality of projects, we have organized a nationwide joint quality inspection. The joint inspection group consisted of 8 professional departments, 11 teams and 199 people. The inspection targets involved 67 key projects of Greentown Real Estate, Greentown Project Management and Greentown Town Development across the country, covering various sectors including design, engineering, landscape, materials, fine decoration, marketing, services and property management. The quality inspection has achieved remarkable results.

Illustrative example: TOP 10 Real Estate Enterprises by Comprehensive Strength for 13 Consecutive Years

On 16 March, 2017, the "2017 Top 100 China Real Estate Enterprises Research Results Conference – the 14th Summit for Top 100 China Real Estate Entrepreneurs" was held in Beijing.

At the Conference, the Group was awarded the "Top 10 by Comprehensive Strength", the "Top 10 by Scale" and the "Top 10 by Growth" awards thanks to our sound service scale and business results, high-standard product quality and comprehensive service system. This is the 13th consecutive year that the Group was awarded the title of "Top 10 by Comprehensive Strength among the Top 100 China Real Estate Enterprises", reflecting the Group's strong vitality and high growth that it has demonstrated after undergoing such adjustments as product positioning and regional strategies. In the future, we will continue to follow the concept of quality first and pursue constant improvement of quality.

Legitimate and Compliance Operation

Fighting against corruption to build a culture of integrity is the primary task for the Group to pursue long-term development. We regard law-abiding and compliance operation as an insurmountable bottom line, strictly comply with the requirements under the Criminal Law of the People's Republic of China and other regulations, and have formulated various internal documents, including "Greentown China's Management Standards of Supervision Work", "Integrity and Self-discipline Standard for Staff of Greentown China" and "Greentown China's Suspension for Inspection Measures".

In order to give more play to the role of alert education of integrity supervision and carry out reasonable and proper rewards and punishments, the Group has established a working system of rewarding reporting, integrity interview and black list mechanism, requiring anyone who knows about any integrity related issues involved by all employees be responsible for reporting, and he/she will be given a material award as long as the situation is proved to be true after comprehensively taking into consideration the nature and consequence of the issue and the importance of the reporting clue.

We not only take active efforts in consolidating the integrity culture, but also constantly raise the awareness of recognizing and preventing the potential legal risk of advertising, labeling and selling, and make sure our publicity and sales work are legitimate and in compliance with relevant rules and risks are under control. The Group has formulated Compliance Guidelines on Advertising and Promotion in accordance with the Advertisement Law of the People's Republic of China, Regulations on Control of Advertisements, Regulations on Real Estate Advertising and other relevant laws and regulations. In this way, we effectively protect the Group's and owners' legitimate interests as well as the brand value.

Our Service

Opening up Communication Channels

As a listed company with social responsibility, we always attach importance to communications with external parties and listen to the opinions, concerns and expectations of all parties to improve our operation and management. By opening our construction sites to the public, setting up official radio stations, and conducting satisfaction surveys, we provide correct information concerning production and operation, development and reform, and major activities in a rigorous and timely manner, so as to enhance the understanding between us and the public.

Illustrative example: The Activity of "Open Day of Construction Sites across the Country" for the Third Time was Officially Initiated

On 15 April 2017, the activity of "Open Day of Construction Sites across the Country" for the third time kicked off in Hangzhou. This activity is an important approach that carries forward the Group's spirit of craftsmanship towards quality, and a strategic thinking for the long-term development of the real estate asset model, as well as an action plan for establishing a service standard for the project management industry.

Since the inception of such activity, Greentown Project Management has been insisting on organizing our nationwide projects to carry out the Open Day of Construction Sites activity, so as to enable more people to observe in person and feel for themselves our dedication and persistence in the quality building process of the projects under project management.

Protecting our Customers' Information

The Group endeavors to protect our customers' personal information. It is required that information collected from customers by us are only used for commercial development and customer relationship management, and the employees shall not use the information beyond prescribed scope. In order to further ensure proper dealing with the customers' personal information, we will arrange for employees to participate in seminars and courses, to strengthen the skills about managing customers' information.

The Group also attaches great importance to information system security. In order to prevent the external system invasion, we have adopted a series of proactive preventive measures, such as strengthening the network security examination and installation of specialized software, to effectively avoid the risk of leakage of customers' information.

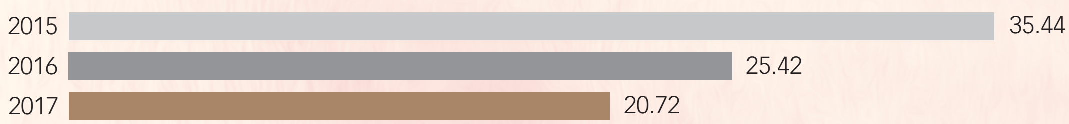
Striving for Customers' Satisfaction

We have been sticking to working hard and providing best service to each customer. Since 2017, we have focused on the "Accountability System, Quality Inspection Normalization". Through various measures, including consolidating inspection mechanisms, intensifying risk pre-control, promoting system construction and strengthening internal and external linkages, we have fundamentally realized positive changes from terminal response to whole-course control. In view of the possible risk of receiving complaints about products and services, the Group has also formulated a series of management policies and standards, such as Greentown China Quality Management Standard, Greentown China Basic Norms on Customer Complaint Handling, Greentown China Accountability System of Customer Complaints and Greentown China Risk Inspection Standards of Customer Complaints.

We further increase the quality control efforts in the area where the customers care most, clearly defining violation and omission behaviors that may cause serious quality safety hazard or induce a complaint, and putting a price on it. Meanwhile, we determine the duties, procedures and accountability mechanisms when handling a customer complaint in each level, to ensure that the customer complaint can be handled timely and effectively. Through regulating the quality joint inspection of complaint risks, establishing the standardized inspection process, and reinforcing the implementation system and joint supervision system for inspection improvement, we further uplift the level of project operation and service as well as the quality of products. In 2017, the Group's overall customer complaints have greatly improved.

- The service quality has been effectively enhanced, and therefore the satisfaction rate of handling customer complaints has a year-on-year increase of 0.26%

- Rapid response mechanism achieved impressive results and the average timeframe (days) for handling customer complaints has a year-on-year decrease of 4.7 days



Environmental Responsibilities

Concerning about Climate Changes and Air Quality

With the increasing impact of greenhouse effect on global climate, the climate changes have become an issue of common concern in the public, media and government. When pursuing exquisite quality and qualified service, the Group also pays certain attention to environmental issues, strictly based on the laws and regulations, including Environmental Protection Law of the People's Republic of China, Decision of the State Council on Implementing Scientific Outlook on Development and Strengthening Environmental Protection, Administrative Measures for Environmental Protection Acceptance of Construction Projects upon Completion and relevant industry standards, dedicating itself to reducing the emission of greenhouse gas for the country.

In the Notice on Regulating Company Management formulated internally, we require our employees to raise environmental awareness. The employees shall turn off all electricity equipment before going off from work, strictly control the use of air conditioners, turn off the air conditioners immediately when no one is in the office for a long time and are resolutely forbidden to open windows when using air conditioners. We stipulate that in no special circumstances, air conditioners shall not be used when the specified temperature is not reached. (Only when indoor temperature is higher than 30ºC in the summer, can we turn on air conditioner for cooling, and principally the cooling temperature shall not be set lower than 26ºC. Only when outdoor temperature is lower than 5ºC in the winter, can we turn on air conditioners for heating, and principally the heating temperature shall not be set higher than 25ºC). In 2017, total greenhouse gas emissions of the Group was 18,685 metric tonnes and total greenhouse gas emission density was 0.21 metric tonne/sqm GFA.

Greenhouse gas emission (Scope 1 and Scope 2)		
Vehicle emission (Scope 1)	3,063	metric tonnes
Diesel generator emission (Scope 1)	0.55	metric tonnes
Greenhouse gas offsetting by trees (Scope 1)	–379.45	metric tonnes
Electricity consumption emission (Scope 2)	16,000	metric tonnes
Total greenhouse gas emission	18,685	metric tonnes
Total greenhouse gas emission density	0.21	metric tonnes/sqm GFA

While concerning about greenhouse gas emission, the Group also pays great attention to the effect of other gas pollutants on environment. Through formulation of relevant energy saving policies and annual energy saving targets, purchasing energy efficient equipment and encouraging staff to practice green travel, we aim to minimize the emissions of gas pollutants.

Air pollutant emission from vehicles		
CO emission	21,842	kg
NO_x emission	13,454	kg
SO_x emission	20.83	kg
PM2.5 emission	424	kg
PM10 emission	469	kg

Air pollutant emission from diesel generators		
CO emission	3.78	kg
NO_x emission	2.35	kg
SO_x emission	0.003	kg
PM2.5 emission	0.19	kg
PM10 emission	0.21	kg

Reasonable Use of Resources

Apart from energy consumption, the impact on the environment incurred in the process of operation also includes utilization of water resources, consumption of office supplies and etc. To further reduce the impact on environment caused by office, the Group solicits advices and suggestions on reasonable utilization of resources from our employees through suggestion boxes, emails, and meetings on a regular basis.

The water used by the Group mainly comes from the municipal water works and there is no difficulty in obtaining the water. In 2017, the Group implements a series of environmental measures at office, including posting water-saving slogans, encouraging our employees to communicate by electronic means (e.g. by email) to reduce paper consumption, setting up recycling sites to encourage our employees to recycle waste paper, toner cartridges, rechargeable batteries, light bulbs and fluorescent tubes, etc. These requirements effectively helped the staff to develop water– and energy-saving consciousness and enhanced the management and recycling of internal waste in the Group.

Data of resources consumption and waste emission in 2017:

Resources consumption		
Total electricity consumption	22,181,221	kwh
Electricity consumption intensity	244	kwh/sqm GFA
Total fuel consumption (vehicle petrol)	1,139,084	litres
Fuel consumption intensity (vehicle petrol)	4,766	litres/per vehicle
Total fuel consumption (vehicle diesel oil)	104,645	litres
Fuel consumption intensity (vehicle diesel oil)	5,232	litres/per vehicle
Total fuel consumption (vehicle liquefied natural gas)	36,000	litres
Fuel consumption intensity (vehicle liquefied natural gas)	36,000	litres/per vehicle
Total fuel consumption (diesel generator)	210	litres
Fuel consumption intensity (diesel generator)	210	litres/per diesel generator
Total water consumption*	1,398,777	metric tonnes
Total water consumption intensity*	15	metric tonnes/sqm GFA

* The total amount of water consumption includes the water consumed by the part of contractors during the construction process.

Disposal of hazardous waste		
Fluorescent light tube	2,597	units
Waste battery	555	kg
Ink cartridge	1,186	units
Waste liquid after facilities maintenance	104	litres

Generation of non-hazardous waste		
Waste paper	68,324	kg
Waste paper generation intensity	0.75	kg/sqm GFA
Recycling of paper	31,032	kg
Waste metal	428.75	kg
Waste metal generation intensity	0.005	kg/sqm GFA
Recycling of metal	199,355	kg
Waste plastic	352	kg
Waste plastic generation intensity	0.004	kg/sqm GFA
Recycling of waste plastic	394	kg
Waste glass	217	kg
Waste glass generation intensity	0.002	kg/sqm GFA
Recycling of glass	45.77	kg

While restraining our own daily behaviors, the Group also actively organized welfare activities. Through various initiatives, such as speech and education, to make the public realize the importance of resources conservation and recycling. We expect more people to take environmental actions of reducing waste of resources and jointly protect our earth.

Illustrative example: Environmental Welfare Activity of "Green City with You and Me"

During 26-27 May 2017, the environmental welfare activity of "Green City With You and Me" held by the Group was rolled out at three Greentown communities, namely Hangzhou Osmanthus City, Dangui Garden and Lijiang Apartment, with more than 200 families taking part in it.

By disseminating the knowledge of waste separation and setting up Q&A session on the scene, the activity promoted the concept of protecting the green environment and appealed people to take actions from trivia. The home owners successively expressed that organizing such welfare promotion activities was quite meaningful to children's education.

Committed to Green Construction

We fully respect the original geography and landscape as well as natural environment during project development. With scientific planning and reasonable layout, we try our utmost to expand the landscape space inside the residence. We implement clean production management system by requiring project development team to adopt environmental-friendly construction and decoration materials, to select low-noise working facilities, to arrange construction process reasonably, to make the best effort in environmental protection, water and soil conservation and biological diversity protection in accordance with the Law of the People's Republic of China on Appraising Environmental Impacts. We actively innovate and apply the design concept of green buildings in various aspects. We integrate residential buildings into the natural environment to make them harmonious and coexist, reflecting the significance of the environment for living.

Illustrative example: Six Resettlement Housing Projects Successfully Passed the Green Construction Review

On 21 July 2017, Greentown Real Estate held a "Special Review Conference for Green Construction". In the conference, experts listened carefully to the construction reports of 6 resettlement housing projects and started review over the green construction design marks of the projects.

At last, all the participating projects of the Group have passed the review of green construction design marks with comparatively high scores. While speaking highly of the promotion of green construction development by Greentown, the experts wished that Greentown could continue to exert its leading advantages as an industry leader as well as its innovative spirit.

Labor Liability

Care for Employees

The Group deeply understands that establishing and retaining excellent team is the cornerstone of corporate success. While safeguarding the employees' interests and caring about the health of employees, we have also continuously improved the training system to help employees achieve personal values and career development goals in a fair and equitable promotion system.

Safeguarding Employees' Interests

On matters relating to recruitment, dismissal, remuneration, promotion, working hours, holidays, equal opportunities, diversification, anti-discrimination, etc., the Group strictly abides by the Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China and other regulations, and relevant laws and regulations where it recruits, and also pursues the United Nation's *Universal Declaration of Human Rights* and the International Labor Organization's purpose on the Fundamental Principles and Rights at Work, treats employees with different genders, nationalities, races and cultural backgrounds fairly and equitably, and strongly opposes forced labor and child labor. For employees who have violated the laws and regulations, we will punish them according to internal relevant regulations. For serious default, the employment will be terminated immediately.

We not only actively expand recruitment channels and attract talents from different markets, but also provide employees with market-competitive salaries, so as to attract, motivate and retain talents. Our remuneration system consists of fixed remuneration, variable remuneration, allowances and benefits. Fixed remuneration is an important component of total cash remuneration for employees. For payment of remuneration, we assess the market trends in various regions in real time, in order to maintain the competitiveness of the Group. Meanwhile, we are also performance-oriented and provide employees with variable remuneration that is closely linked to performance, including short-term rewards, long-term rewards, etc.

In addition, we have provided a variety of competitive extra benefits, including transportation subsidies, communication subsidies, holiday and festival subsidies, meal subsidies, health management plan for employees and their families, supplementary commercial insurance, condolences payment and congratulation payment, etc. Employees work from Monday to Friday, and enjoy statutory holidays and public holidays, legal annual leave, marriage leave, maternity leave, bereavement leave and so on.

Illustrative example: The 19th Employee Forum Was Convened

On 8 May 2017, the 19th Employee Forum was held as scheduled. 130 representatives from Greentown China and various sub-groups attended the conference in person. Through organizing employee forum, we focused on employees' concerns and listened to them, striving to achieve the corporate mission of "creating a platform for employees".

In order to better solve the practical problems that employees are concerned about, the "I Do Practical Things for Employees" session was added to the forum and a total of 900 first-line employees' proposals were received. The issues focused on, among others, personal growth, employee care, team building and efficient work. At the conference venue, the responsible person of each group interpreted patiently and meticulously the contents of the proposals and gave clear implementations and solutions. They are committed to doing practical things for employees and doing good deeds. They truly promote the mutual development of employees and the Group as a family.

Enriching Employees' Life

In order to create a safe and secure working environment, the Group actively carries out safety education and makes every effort to minimize the risks in each business operation area. In the office area, we established facilities, including gymnasium and leisure bar. We organize employees' body checks and fire safety drills on a regular basis to improve employees' and house owners' awareness of fire safety and extinguishment capabilities.

Fire escape drill

Fire education activities for child

We promote the win-win idea of "live healthily and work happily". In addition to creating a healthy working environment and atmosphere for our employees, we also organize activities such as psychological counseling and communication as well as running events to enrich our employees' life, guide them towards a positive and active attitude and facilitate their physical and mental health.

Illustrative example: Sports League Opening Ceremony of Greentown China

The Sports League of Greentown China was held on 27 September 2017 in Xixi Wetland Park. 220 participants from Greentown China, Greentown Real Estate, Greentown Project Management, Greentown Asset, Greentown Town and Greentown Ideal Life formed 22 teams in this tournament.

Under the theme of "live healthily and work happily", it was the first sport event for the league with interesting competition items, including 100-metre steeple chase race, kangaroos-carry-melon race, tortoise-and-hare race and raising the inflatable balloon race. The games were full of fun and enjoyment. After several rounds of competition, three teams from Greentown Ideal Life and three teams from Greentown Project Management won the first prize in the fun games.

Employee Training

We have always believed that the growth of employees is the reason for the existence of the Group, and employees are the value-added asset of the Group. The primary goal of our operation is to recruit and cultivate quality employees. In order to realize this "goal", we established the hierarchical classification system of training and development based on our employees' life cycle, which enable new employees to accept full-range and matrix training. At the same time, long-term training will be provided to our employees in their career development in Greentown, to ensure that our employees in different stages of career development are provided with corresponding training programs for supporting their growth, including new employee induction training, on-the-job learning for employees and basic personnel training programs, etc.

While achieving the overall sustainable development of the Group, we also invent new training methods and actively cooperate with universities in running schools. The model of "Kindred Spirit Class of Greentown University" not only provides talents for the society, but also helps a large number of students adapt to the transition from campus to workplace faster and better. Since the opening of the class on 15 February 2017, our students have completed nearly one semester of theoretical courses. The course system covers major aspects such as real estate investment and development, financial management, marketing and customer service, which helps them know better the real estate industry.

Illustrative example: Opening of the Second Phase of "Rainbow Plan" Program in 2017

On 4 June 2017, the opening ceremony of the second phase of "Rainbow Plan" program in 2017 was held in the Greentown management school, with a total of 41 students participating in the training.

"Rainbow Plan" is a strategic talent program for nurturing project general managers, with the focus on the improvement of overall operational capacity and team management ability of project general managers, making full preparation for the future position. This is the second phase of "Rainbow Plan" program in 2017 for a term of one year, which is a training system based on the development strategy of the Group and industry development trends, covering the whole process of real estate development. We hope that, through the "Rainbow Plan" training program, our students can expand their horizon and uplift their life level and value, thus promoting the strategic development of the Group.

Illustrative example: Talent Training and Mentoring Program Kicked off

On 18 April 2017, we held a ceremony for the talent training and mentoring program. The program built the bridge for communication between mentors and mentees, showing that our Company attaches importance to talent incubation.

During the ceremony, we encouraged cross-disciplinary and cross-department matching between mentors and mentees to link up knowledge of every business chain so as to create a multi-business point knowledge architecture. We hope that all the mentors and mentees can take this opportunity to help each other improve, summarize and make full use of the excellent corporate philosophy and work experience of Greentown, and eventually lead the whole team to grow together.

Social Responsibility

Regulating Procurement

We are deeply aware that supplier management is one of the most important components of the Group's entire business management. The performance of suppliers in all aspects may have a direct impact on our products or services. In order to fully standardize the procurement of the Group and improve procurement efficiency, we have formulated the Management Standards on Procurement of Materials and Equipment, Management Standards on Strategic Suppliers of Materials and Equipment and Management Standards on Strategic Collection of Materials and Equipment and are committed to maintaining a fair and open tendering system to carry out procurement through fair tendering and in compliance with laws and regulations.

In the process of strategic collection and procurement, all new suppliers are required to register and sign up on Greentown's procurement & collection platform (http: //zc.gtcloud.cn). After being prequalified, passing the assessment and being approved, new suppliers are entitled to participate in various tendering activities. If there is any breaches by the supplier verified by the team responsible for strategic collection and procurement during the strategic tendering process, the supplier will be punished in accordance with the relevant provisions of the Punishment Standards on Strategic Suppliers of Materials and Equipment for Non-compliance During Tendering Process.

In order to effectively improve the service and quality of suppliers, Greentown China's Product Center will issue a special notice in November each year to organize departments in all levels to implement an annual comprehensive assessment of strategic suppliers, upon the completion of status recognition for strategic suppliers and the update of the strategic supplier rating list, the assessment result will be published in January or February in the coming year.

Illustrative example: The 2017 Talkfest with Key Suppliers

On 22 February 2017, the Group held the 2017 talkfest with key suppliers, and invited 100 suppliers to take part in the event. At the meeting, we briefly introduced the new supplier system and put forward our new expectations and requirements.

Product quality is the foundation of Greentown's past, present and future as well as the baseline that cannot be touched. In recognition of the efforts made by the suppliers to improve the quality of the Group's products, we awarded the 100 suppliers who participated in the talkfest with medals to further express our hope that all cooperating partners work together in good faith with mutual assistance and trust to advance to a new pedestal.

As an enterprise with high responsibility of public welfare, while performing our own social environmental responsibilities, we require our upstream and downstream suppliers as well as engineering contractors to undertake associated responsibilities, for instance, the recycling of waste in construction sites, the control and management of waste gas and waste water, etc. We anticipate to join hands with the upstream and downstream partners along the supply chain to fulfill social responsibility, make the best efforts together to reduce the environmental and social risks in each process of the supply chain, and create a better ecological environment.

Caring about Public Welfare

While developing our own business, we have always proactively insisted on participating in social welfare, promoting the improvement of people's life and economic development. We have always valued the community relations with the surrounding areas in which our projects operate, carried out lots of activities to build a harmonious community. Through our efforts, we hope we can constantly make contribution to the development of the society.

Valuing Education Business

Education is the base of the long-term development of the country and the footstone that enhance the national innovation and promote social progress. We place high value on the development of education business. Mr SONG Weiping, the founder of the Group, repeatedly emphasized, "We should be responsible for basic social responsibility, morality and justice and manage finance for the society. Education is our primary industry. It is our objective, motivation and destination of doing real estate business". In 2002, we have established the "Greentown Education Fund under Zhejiang Province Undergraduate Sponsorship Scheme", which has operated over 16 years up to now and became an important social welfare project of the Group.

Illustrative example: Kick off the "Green Seeding Project" Education Aid

The "Green Seeding Project" Education Aid officially kicked off on 15 September 2017. A caring team of Greentown employees delivered love and blessings to the schools.

In this subsidy program, 21 Greentown employees form a one-to-one pair with the students from Lishui Jiukeng Township Center Primary School and Wanquan Primary School, helping the students to improve the learning environment and living standards with practical actions. In the follow-up, we will also pair with impoverished students in Lishui and other places through recommendations of the Charity Federation to continue our mission of caring.

Enriching Community Services

On the basis of fundamental community service, we have successively launched four specific service platforms, which include Neighborhood Series (for owners of all ages), Wonder Series (for children), U-YOUNG Series (for young adults) and Elderly Series (for elders). Through these service platforms, we make untiring efforts to make community life more fabulous.

Neighborhood Series

The Neighborhood Series include programs such as "Harmonious Neighbor Community", "Neighborhood Festival" and "Searching the Atmosphere of the New Year", which serve to build up a neighborhood platform for the owners of all ages to communicate and elaborately cultivate the neighborhood culture, in order to establish a wonderful residential area to fulfill their spiritual needs.

Wonder Series

The Wonder Series refer to services specially designed for children, which comprise education, sports, leisure activities, healthcare, etc. The original intention is to make children happy and parents relieved. Meanwhile, now it has been developed to be a high-quality platform which pulls various resources to provide a comprehensive range of services for owners.

Illustrative example: Organizing the "Wonderful Summer" Summer Camp for Stay-at-Home Children

From 5 August to 6 August 2017, we invited a group of children who live apart from their parents for years to Anji Peach Garden together with Qianjiang Evening News.

As the Group's first in-community playground for children, Whale Wonder Valley prepared Jumping Clouds, Climbing Walls, and Seesaws etc. for zero to three years old kids, and giant models for three to six years old kids such as anthill and beehive etc., and popular science programs including the corridor of oceanic knowledge for six to twelve years old kids. Moreover, we also prepared circular slides, football fields and popular natural science programs including various animals and plants, with an aim to allow children grow up healthily and happily in natural environment.

U-YOUNG Series

U-YOUNG Series is a specific service platform established by the Group in 2015 and is designed for owners who are young adults. It aims at creating youthful, energetic and innovative community culture, covering a range of services including lifestyle, entrepreneurship, socializing, etc.

Elderly Series

The activities under the Elderly Series include "Maple Leaf Action", "Senior College", "Green Dating" and "A Bowl of Longevity Noodles", etc. It is one of Greentown's services targeting the aging community, aiming at helping Greentown's elder owners lead delightful lives and enjoy their later years.

Illustrative example: "A Bowl of Longevity Noodles"

Longevity Noodles have a good significance in Chinese traditional culture. On 28 October 2017, we organized a theme activity of "A Bowl of Longevity Noodles", attracting a total number of 8,517 elder people to participate.

This event called on people from all sectors of society to actively carry forward glorious traditions of the fine cultures of Chinese nations and respecting the elderly by way of preparing longevity noodles.

APPENDIX 1: CONTENT INDEX OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

Aspects	Indicators	Content of Indicators	Disclosures	Location in the Report /Notes
Environmental				
A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	✓	P63
	A1.1	The types of emissions and respective emissions information	✓	P63-64
	A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	✓	P63
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	✓	P65
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	✓	P65
	A1.5	Description of measures to mitigate emissions and results achieved	✓	P63-64
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	✓	P64

Aspects	Indicators	Content of Indicators	Disclosures	Location in the Report /Notes
A2: Resources Consumption	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	✓	P64
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in ’000s) and intensity (e.g. per unit of production volume, per facility)	✓	P64-65
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	✓	P64
	A2.3	Description of energy use efficiency initiatives and results achieved	✓	P64
	A2.4	Description of whether there is any issue in sourcing water, water efficiency initiatives and results achieved	✓	P64
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	Not applicable to principal business	
A3: The Environment and Natural Resources	General Disclosure	Policies on minimizing the issuer’s significant impact on the environment and natural resources	✓	P66
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	✓	P66

Aspects	Indicators	Content of Indicators	Disclosures	Location in the Report /Notes
Social				
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	✓	P67
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	✓	P68-69
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	✓	P69-70
B4: Labor Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor	✓	P67
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain	✓	P71
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress	✓	P59-62

Aspects	Indicators	Content of Indicators	Disclosures	Location in the Report /Notes
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	✓	P60-61
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	✓	P72-74

Corporate Governance Report

The Company believes that high corporate governance standards help enhance operational performance and the management's accountability. The Board has always strived to comply with the principles of corporate governance and adopts sound corporate governance practices to meet legal and commercial standards, with a focus on internal control and fair, transparent and timely disclosure.

Throughout the year ended 31 December 2017, the Board considers that the Company has met the code provisions as set out in the corporate governance code ("Corporate Governance Code") contained in Appendix 14 to the Listing Rules.

(A) The Board of Directors (for the year ended 31 December 2017)

The Board takes responsibility to oversee all major matters of the Group, including the formulation and approval of all policy matters, strategies for development, internal control and risk management systems, and monitoring the performance of the senior management. The daily business operations and administrative functions of the Group are delegated to the senior management.

Executive Directors

Mr SONG Weiping *(Co-chairman)*
Mr LIU Wensheng *(Co-chairman)*
Mr SUN Guoqiang
Mr SHOU Bainian
Mr CAO Zhounan
Mr LI Qingan
Mr LI Yongqian

Independent Non-Executive Directors

Mr JIA Shenghua
Mr KE Huanzhang
Mr SZE Tsai Ping, Michael
Mr HUI Wan Fai

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules ("Model Code") as the standard for securities transactions by the directors. The Company has made specific enquiries of all the directors and each of the directors confirmed that he has complied with the required standards set out in the Model Code throughout the year ended 31 December 2017 or (where appropriate) during his tenure as a director of the Company in 2017. Relevant employees who are likely to be in possession of inside information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code.

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 respective responsibilities of the Directors and the Company's external auditors on the financial statements of the Group are set out in the"Independent Auditor's Report" on page 109 of this annual report.

Chairman and Chief Executive Officer

In order to reinforce their respective independence, accountability and responsibility, the role of the Chairman is separate from that of the Chief Executive Officer. The Chairman leads the Board and is responsible for the effective functioning of the Board in accordance with the good corporate governance practices adopted by the Company. He is also responsible for establishing corporate culture and developing strategies for the Company. The Chief Executive Officer focuses on developing and implementing policies approved and delegated by the Board. The Chief Executive Officer is also primarily responsible for the Group's day-to-day management and operations, and the formulation of the organization structure, management systems, and internal control procedures and processes of the Group.

As at 31 December 2017, Mr SONG Weiping and Mr LIU Wensheng were the Co-chairmen of the Board and Mr CAO Zhounan was the Chief Executive Officer of the Company.

Independent Non-Executive Directors

Independent non-executive directors play a significant role in the Board by virtue of their independent judgment. Their views carry significant weight in the Board's decision. In particular, they provide impartial and multi-perspective opinions on the Group's development strategies, operational performance and internal control system. Every independent non-executive Director possesses extensive academic, professional and industry expertise and management experience. They provide professional advice to the Board according to the Group's particular situation. For the year ended 31 December 2017, each of the independent non-executive directors has confirmed his independence to the Company in accordance with the Listing Rules.

Board Meetings and Shareholders' Meetings

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Group. Directors may participate either in person or through video/telephone conferences. 6 Board meetings and 1 shareholders' meeting were convened during 2017. The attendance of each individual director at these Board meetings and shareholders' meetings is set out below:

	Number of Board Meetings Attended/ Held in 2017	Number of Shareholder's Meetings Attended/ held in 2017
Executive Directors		
Mr SONG Weiping	5/5	1/1
Mr LIU Wensheng	5/5	1/1
Mr SUN Guoqiang	5/5	1/1
Mr SHOU Bainian	6/6	1/1
Mr CAO Zhounan	5/5	1/1
Mr LI Qingan	5/5	1/1
Mr LI Yongqian	5/5	1/1
Independent Non-Executive Directors		
Mr JIA Shenghua	6/6	1/1
Mr KE Huanzhang	6/6	1/1
Mr SZE Tsai Ping, Michael	6/6	1/1
Mr HUI Wan Fai	6/6	1/1

All Directors are provided with the relevant materials relating to the issues for discussion before the meetings. They have access to members of the senior management and the company secretary at all times and may seek independent professional advice at the Company's expense. All Directors have the opportunity to request to include new issues for discussion in the agenda for Board meetings. Notices of Board meetings are given to the directors within reasonable time before meeting and the procedures of Board meetings are conducted in compliance with the Articles of Association of the Company, as well as the relevant laws and regulations.

Appointments, Re-election and Removal of Directors

Each of the executive directors, non-executive directors, independent non-executive directors has entered into a service contract or appointment letter with the Company for a specific term and the details of which, as well as the details of the appointment, re-election and removal of the directors are described in the sections headed "Report of the Directors – Directors" and "– Directors' Service Contracts".

Directors' Continuous Professional Development

Each of the directors has participated in continuous professional development in 2017 in compliance with Code A.6.5 of the Corporate Governance Code. The Company arranges regular seminars to provide Directors with updates on the latest developments and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. During the Year, all Directors participated in continuous professional development to develop and refresh their knowledge and skills in compliance with code provision A.6.5 of the Corporate Governance Code. The Company's external lawyers facilitated Directors' training by providing presentations, briefings and materials for the Directors primarily relating to the roles, functions and duties of a listed company director. All Directors received this training.

Board Committees

The Board has established the Audit Committee, the Nomination Committee and the Remuneration Committee (collectively, the "Board Committees") with defined terms of reference. The terms of reference of the Board Committees are available on the websites of the Company and the Stock Exchange. The Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

Audit Committee

The primary duties of the Audit Committee are to review and supervise the Group's financial reporting procedures, internal control and risk management systems, review the internal audit scheme formulated by the Internal Audit Department of the Group and the reports submitted by the Internal Audit Department. It is also responsible for reviewing affairs related to the appointment, resignation and replacement of independent auditors, as well as assessing such auditors' performance, degree of independence and objectivity and reasonableness of their audit fees, and providing relevant recommendations to the Board. All members of the Audit Committee are independent non-executive directors and non-executive directors. As at 31 December 2017, the Audit Committee comprised independent non-executive directors, being Mr SZE Tsai Ping, Michael (Chairman), Mr JIA Shenghua and Mr HUI Wan Fai.

The major tasks accomplished during the year include:

– reviewing the annual and interim results announcements, reports and financial statements of the Group;

– reviewing and providing recommendations on the accounting policies adopted by the Group and the accounting practices;

– monitoring the work of the Internal Audit Department of the Group and reviewing the internal audit reports;

– advising on material transactions of the Group and providing recommendations on related risks to management; and

– reviewing the audit fees of the auditors and recommending the fees for approval by the Board.

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

During the year ended 31 December 2017, the Audit Committee held 2 meetings. The attendance of each individual member at the Audit Committee meetings is set out below:

	Number of Meetings Attended/Held
Independent Non-Executive Directors	
Mr SZE Tsai Ping, Michael *(Chairman)*	2/2
Mr JIA Shenghua	2/2
Mr HUI Wan Fai	2/2

Nomination Committee

The Nomination Committee is primarily responsible for considering and recommending to the Board suitably qualified persons to become members of the Board and is also responsible for reviewing the structure, size and composition of the Board on a regular basis and as required. As at 31 December 2017, the Nomination Committee comprised independent non-executive directors Mr SZE Tsai Ping, Michael (Chairman), Mr HUI Wan Fai, Mr JIA Shenghua and Mr KE Huanzhang, and executive directors Mr LIU Wensheng and Mr SHOU Bainian. The Nomination Committee will assess the candidate or incumbent on criteria such as integrity, experience, skill and ability to commit time and effort to carry out duties and responsibilities. The recommendations of the Nomination Committee will then be put to the Board for decision. Their written terms of reference are available on the websites of the Stock Exchange and the Company.

The Nomination Committee adopted and performed certain criteria and procedures in the nomination of new directors during 2017. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. In designing the Board's composition, the Board adopts the policy of considering a variety of aspects, such as cultural and educational background, professional experience, skills and knowledge in the industry of the Group's business and the past employment track record.

During the year ended 31 December 2017, the Nomination Committee held 1 meeting. The attendance of each individual member at the Nomination Committee meetings is set out below:

	Number of Meetings Attended/Held
Independent Non-Executive Directors	
Mr SZE Tsai Ping, Michael *(Chairman)*	1/1
Mr HUI Wan Fai	1/1
Mr JIA Shenghua	1/1
Mr KE Huangzhang	1/1
Executive Directors	
Mr LIU Wensheng	1/1
Mr SHOU Bainian	1/1

Remuneration Committee

The Remuneration Committee is responsible for making recommendations and proposals on directors' remuneration and other benefits to the Board.

The remuneration of all directors is subject to regular monitoring by the Remuneration Committee to ensure that the level of their remuneration and compensation are reasonable. As at 31 December 2017, the Remuneration Committee comprised independent non-executive Directors Mr JIA Shenghua (Chairman), Mr KE Huanzhang, Mr SZE Tsai Ping, Michael and Mr HUI Wan Fai, and executive directors Mr SHOU Bainian and Mr SUN Guoqiang.

During the year ended 31 December 2017, the Remuneration Committee have assessed the performance of directors and reviewed the remuneration packages of the directors and the remuneration policies and structure of the Company, details of which are set out in the section headed "Management Discussion and Analysis – Human Resources" in this annual report. During the year ended 31 December 2017, the Remuneration Committee held 2 meetings. The attendance of each individual member at the Remuneration Committee meeting is set out below:

	Number of Meetings Attended/Held
Independent Non-Executive Directors	
Mr JIA Shenghua *(Chairman)*	2/2
Mr SZE Tsai Ping, Michael	2/2
Mr KE Huan Zhang	2/2
Mr HUI Wan Fai	2/2
Executive Directors	
Mr SHOU Bainian	2/2
Mr SUN Guoqiang	2/2

Corporate Governance Functions

The Board is responsible for determining the policy for the corporate governance of the Company and it performed the corporate governance duties as follows in 2017:

- developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board on changes and updates;
- reviewing and monitoring the training and continuous professional development of the directors and senior management;
- reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- developing, reviewing and monitoring the code of conduct and compliance manual applicable to employees and the directors;
- reviewing the Company's compliance with the Corporate Governance Code and disclosure in the corporate governance report; and

- such other corporate governance duties and functions set out in the Corporate Governance Code (as amended from time to time) for which the Board are responsible.

(B) Financial Reporting and Internal Controls

Financial Reporting

The Board, supported by the finance department, is responsible for the preparation of the financial statements of the Company and the Group. In the preparation of financial statements, International Financial Reporting Standards have been adopted and appropriate accounting policies have been consistently used and applied.

Independent Auditor

Deloitte Touche Tohmatsu has been appointed as the Company's independent auditor since 2004.

A breakdown of the remuneration received by the independent auditor for audit and non-audit services provided to the Company is as follows:

Service Items	2017 (RMB'000)	2016 (RMB'000)
Audit services (including interim review)	**5,900**	5,380
Non-audit services	**3,150**	1,010
Total	**9,050**	6,390

The Audit Committee and the Board have agreed on the re-appointment of Deloitte Touche Tohmatsu as the independent auditor of the Group for 2018, and the proposal will be submitted for approval at the annual general meeting of the Company to be held on 15 June 2018 (Friday).

Risk Management and Internal Control

The Audit Committee is responsible for supervising the risk management and internal control functions of the Group and reviewing their effectiveness. Procedures have been designed to safeguard company assets against unauthorized use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for external publication, and ensure compliance with the applicable laws, rules and regulations. The Directors have conducted a review of the effectiveness of the risk management and internal control systems of the Group, and reviewed and monitored the Company's internal management and operation during the year. The Internal Audit Department established by the Company has conducted random internal audit of the Company, its subsidiaries, joint ventures and associates. The work carried out by the Internal Audit Department includes ensuring that the internal control is in place and functions properly as intended. The Audit Committee considered that the risk management and internal control systems remain adequate and effective throughout the year ended 31 December 2017 with no material issues that ought to be brought to the Board's attention.

(C) Shareholder's Rights

According to the Articles of Association of the Company, shareholders shall have the right to request to convene an extraordinary general meeting ("EGM") of the Company. Two or more shareholders holding in aggregate of not less than one-tenth (10%) of the paid up capital of the Company which carries the right of voting at the general meeting of the Company may send a written request to request for an EGM. The written requisition(s), duly signed by the shareholders concerned, must state the purposes of the meeting and must be deposited at the Hong Kong office of the Company.

Shareholders who wish to move a resolution at general meetings may follow the procedures set out in the preceding paragraph.

In case of any enquiries that a Shareholder may have, please contact the investor relations department at (+852 2523 3138) or by email to ir@chinagreentown.com.

The memorandum and articles of association of the Company is published on the Company's website and the Stock Exchange's website.

Investor Relations

Investor Relations and Communications with Shareholders

The Company has established various channels of communication with its shareholders and the public to ensure that they are kept abreast of the Company's latest news and development. Information relating to the Company's financial details, property projects and major events are available through publication of annual and interim reports, announcements, circulars, press releases, monthly newsletters and the Company's website.

The Board believes that effective investor relations can contribute to building up market confidence, lowering financing cost, improving market liquidity of the Company's shares, and building a more stable shareholder base, in order to maximize the interests of Shareholders. The Company is committed to maintaining a high level of corporate transparency and follows a policy of disclosing relevant information to shareholders, investors, analysts and bankers in a timely manner.

The Company's dedicated investor relations team held regular meetings with investors to keep them abreast of the Company's corporate strategies and latest business development. A series of public events have been hosted right after certain significant events of the Company such as results announcements, important business development or financing activities. Directors and senior management will attend the events to answer investors' questions. The post-results analyst briefings and press conferences are also webcasted for more timely dissemination of relevant information and to reach a broader range of investors.

During the Year, the investor relations team of the Company had attended 22 investor presentations organized by investment banks and securities organizations in Singapore, Beijing, Shanghai, Shenzhen, Tianjin and Macau, and conducted over 140 investor meetings and telephone conferences. In addition, we had arranged site visits for the Group's projects to cater for over 50 institution investors. Through these investor relations activities, the Group seeks to continuously improve interactions with investors, and maintain a high level of transparency in operation.

Key investor relations events launched in 2017 are as follows:

Events	Date
2016 Annual Results Announcement	
– Press Conference and Analyst Briefing	27 Mar 2017
2017 Annual General Meeting	16 Jun 2017
2017 Interim Results Announcement	
– Press Conference and Analyst Briefing	28 Aug 2017

During the Year, in addition to reception of investors' and analysts' company visits and participation of "one-on-one" meetings, the Company also attended the following important investor relations activities:

Date	Events	Organizer	Venue
9-10 Jan	UBS Greater China Conference 2017	UBS	Shanghai
28 Mar	Credit Suisse 20th Asian Investment Conference	Credit Suisse	Hong Kong
29 Mar	Hong Kong Fixed Income Investor Meetings	Credit Suisse	Hong Kong
30 Mar	Singapore Fixed Income Investor Meetings	Credit Suisse	Singapore
31 Mar	Singapore Equity Investor Meetings	Credit Suisse	Singapore
11-12 Apr	UBS Greater China Property Conference 2017	UBS	Hong Kong
20 Apr	Haitong Hangzhou Listed Company Meetings	Haitong Securities	Hangzhou
17-18 May	CLSA Greater China Investment Summit 2017	CLSA	Tianjin
24 May	Overseas Financing for Chinese Enterprises Forum	CCXI	Hong Kong
13-14 Jun	HSBC Asia Credit Conference	HSBC	Hong Kong
22-23 Jun	Citi's Asia Pacific Property Conference	Citi	Hong Kong
23 Jun	Industrial Securities 2017 Interim Strategy Meeting	Industrial Securities	Shanghai
29-30 Aug	Post-result Non-deal Roadshow	HSBC	Hong Kong
30 Aug	Caitong Securities Summit – Interim Results Exchange	Caitong Securities	Hangzhou
31 Aug	Singapore Equity Investor Meetings	Credit Suisse	Singapore
1 Sep	Singapore Fixed Income Investor Meetings	Credit Suisse	Singapore
11 Sep	Haitong Listed Companies Corporate Day	Haitong Securities	Shanghai
31 Oct-1 Nov	Citi 12th China Investor Conference	Citi	Macau
1-2 Nov	Jefferies 7th Annual Greater China Summit	Jefferies	Hong Kong
28 Nov	Industrial Securities Annual Investor Strategy Meeting	Industrial Securities	Shanghai
15 Dec	Haitong Securities Annual Strategy Meeting	Haitong Securities	Shanghai

Our investor relations team will continue to enhance the quality of communication with its investors and maintain corporate transparency.

To ensure easy access to the Company's updated information by the investors, all of the Company's published information including announcements, interim and annual reports, press releases, and monthly newsletters, are posted on the Company's website www.chinagreentown.com in a timely manner. Interested party can also make enquiries by contacting the investor relations department at (+852 2523 3138) or by email to ir@chinagreentown.com.

Hangzhou Arcadia Town

Report of the Directors

Report of the Directors

The Board presents its annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2017 (the "Consolidated Financial Statements") to the Shareholders.

Company Incorporation

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law (2004 Second Revision) of the Cayman Islands on 31 August 2005. The shares of the Company were listed on the Main Board of the Stock Exchange on 13 July 2006.

Principal Business

The Company is an investment holding company. The activities of its subsidiaries, joint ventures and associates are set out in notes 47, 18 and 17 to the Consolidated Financial Statements, respectively. There was no significant change in the nature of the Group's principal business during the year ended 31 December 2017 ("the Year").

Business Review

The principal activities of the Group are property development and related business in China. The operating results and development prospects will be affected by Chinese real estate control policies, financial policies and economic development. The Group will make timely response to the changes in the external environment in order to maintain the stability and growth of its operating results.

A fair review of the Group's business, a description of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of the Year and an indication of the likely future development of the Group's business (including, in each case to the extent necessary for an understanding of the development, performance or position of the Group's business, key performance indicators) are provided in the section headed "Management Discussion and Analysis" of this annual report and in the notes to the financial statements.

To the extent necessary for an understanding of the development, performance or position of the Group's business, a discussion of the Group's key relationships with its stakeholders that have a significant impact on the Group and on which the Group's success depends are provided in the sections headed "Environmental and Social Responsibility Report" and "Investor Relations" of this annual report.

Environmental Policies and Performance

The Group is committed to achieving environmental sustainability. The Group endeavors to comply with the relevant laws and regulations regarding environmental protection and adopts effective measures to achieve efficient use of resources, waste reduction and energy saving. The Group reviews its environmental policies on a regular basis. Further details of the Group's environmental policies and performance are provided in the section headed "Environmental and Social Responsibility Report".

Compliance with Relevant Laws and Regulations

The Group and its business operations are subject to various laws, rules and regulations. The Company seeks to ensure adherence to such laws, rules and regulations through various measures such as internal controls, approval procedures, staff trainings and oversight of business operations at different levels of the Group. The Board also monitors the Group's policies and practices on compliance with relevant laws, rules and regulations on a regular basis.

So far as the Directors and senior management are aware, for the year ended 31 December 2017, the Group has obtained the approvals, permits, consents, licenses and registrations required for and material to its business and operations, and there was no material breach of the relevant laws and regulations by the Group that have a significant impact on the Group.

Financial Positions and Results

The financial positions of the Group as at 31 December 2017 prepared in accordance with IFRS are set out in the Consolidated Statement of Financial Position on pages 117 to 118 of this annual report.

The results of the Group for the year ended 31 December 2017 prepared in accordance with IFRS are set out in the Consolidated Statement of profit or loss and other Comprehensive Income on page 116 of this annual report. A financial summary of the Group for the last five financial years is set out on page 007 of this annual report.

Reserves

Details of movements in reserves of the Group in 2017 are set out in the Consolidated Statement of Changes in Equity on page 119 of the annual report.

Dividends

The Board recommends the payment of a final dividend of RMB0.20 per share for the year ended 31 December 2017 (the "2017 Final Dividend") (2016: RMB0.12) to the ordinary Shareholders whose names appear on the Company's register of members as of 26 June 2018 (Tuesday). Subject to approval of Shareholders at the forthcoming annual general meeting of the Company (the "AGM"), the 2017 Final Dividend is expected to be paid before the end of July 2018.

Segment Information

The reporting segments of the Group are as follows:

1 Property development

2 Hotel operations

3 Property investment

4 Others (including sale of construction materials, design and decoration, project management, etc.)

The segment information for the year ended 31 December 2017 is set out in note 5 to the Consolidated Financial Statements.

Property, Plant and Equipment

Details of movements in property, plant and equipment of the Group during the Year are set out in note 14 to the Consolidated Financial Statements.

Share Capital

Details of movements in the share capital of the Company during the Year are set out in note 31 to the Consolidated Financial Statements.

Details of Share Offering and Placing

	IPO	Placement 1	Placement 2	Placement 3
Listing place	Main Board of HKEx	Main Board of HKEx	Main Board of HKEx	Main Board of HKEx
Offering/Placing price	HK$8.22 per share	HK$16.35 per share	HK$5.20 per share	HK$5.20 per share
Listing date	13 July 2006	4 May 2007	15 June 2012	2 August 2012
Number of issued shares	347,402,500 shares	141,500,000 shares	327,849,579 shares	162,113,714 shares

Sufficiency of Public Float

Based on the information that is publicly available to the Company and to the best of the Directors' knowledge, the Company has maintained a sufficient public float as required by the Listing Rules throughout the year ended 31 December 2017.

Purchase, Sale or Redemption of the Listed Securities of the Company

Save as disclosed in note 28 to the Consolidated Financial Statements, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2017.

Directors

During the year ended 31 December 2017, directors of the Company were as follows:

Executive Directors

Mr SONG Weiping (Co-chairman)
Mr Liu Wensheng (Co-chairman)
Mr SUN Guoqiang
Mr SHOU Bainian (Resigned on 6 April 2018)
Mr CAO Zhounan
Mr LI Qingan
Mr LI Yongqian

Independent Non-Executive Directors

Mr JIA Shenghua
Mr KE Huanzhang
Mr SZE Tsai Ping, Michael
Mr HUI Wan Fai

In accordance with Article 130 of the Articles of Association of the Company, one third of the directors for the time being or, if the number is not three or a multiple of three, the number nearest to but not less than one third shall retire from office by rotation provided that every director shall be subject to retirement by rotation at least once every three years. Mr CAO Zhounan, Mr LI Qingan, Mr LI Yongquan and Mr HUI Wan Fai will retire at the forthcoming AGM. In addition, according to Article 114 of the Articles of Association of the Company, any director appointed by the Board will hold office until the first general meeting of the Company after his/her appointment. Therefore, Mr LI Jun will retire at the AGM. Each of the above retiring directors, being eligible in accordance with the Articles of Association of the Company, will offer himself for re-election.

Directors' Service Contracts

Each of the executive Directors had entered into a service contract with the Company for an initial term of three years and shall continue thereafter until terminated by either party by giving not less than three months' prior notice in writing.

Each of the independent non-executive directors entered into an appointment letter with the Company regarding his appointment commencing from 1 April 2015 for an initial term of three years subject to the terms and conditions of the appointment letter. Their respective appointment as an independent non-executive director shall also be subject to retirement by rotation at the forthcoming AGM of the Company and each of them shall be eligible for re-election in accordance with the Articles of Association of the Company.

Apart from the foregoing, no director proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Biographical Details of Directors and Senior Management

Biographical details of the directors and senior management of the Group are set out on pages 48 to 53 of this annual report.

Remuneration of Directors

The remuneration of the directors is disclosed on an individual named basis in note 10 to the Consolidated Financial Statements.

Highest Paid Individuals

During the Year, the relevant information of the five individuals with the highest remuneration of the Group is disclosed in note 10 to the Consolidated Financial Statements.

Independence of Independent Non-Executive Directors

The Board has obtained written confirmations from all independent non-executive directors concerning their independence in accordance with Rule 3.13 of the Listing Rules. The Board is in the opinion that the existing independent non-executive Directors are independent based on the guidelines set out in Rule 3.13 of the Listing Rules.

Directors' and Chief Executive's Interests in Securities

As at 31 December 2017, the interests and short positions of directors and chief executive of the Company and their associates in the shares, underlying shares and debentures of the Company and any of its associated corporations, 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, were as follows:

Long Positions in Shares and Underlying Shares of the Company

Name of Director	Personal Interests in Underlying Shares (Share options Granted to Directors)	Family Interests	Interest of Controlled Corporation	Total Number of Shares and Underlying Shares Held	% of Issued Share Capital of the Company Held
Mr SONG Weiping	9,239,000 (note 1)	–	226,071,924 (note 2)	235,310,924	10.866%
Mr LIU Wensheng	7,400,000 (note 3)	–	–	7,400,000	0.342%
Mr SHOU Bainian	–	–	174,549,783 (note 4)	174,549,783	8.060%
Mr CAO Zhounan	10,959,000 (note 5)	–	1,961,500 (note 6)	12,920,500	0.597%
Mr LI Qingan	6,500,000 (note 3)	–	–	6,500,000	0.300%
Mr LI Yongqian	5,700,000 (note 3)	–	–	5,700,000	0.263%

Notes:

(1) It includes 1,089,000 share options granted on 22 January 2009 pursuant to the 2006 Share Option Scheme and are exercisable at the price of HK$2.89 per share from 22 January 2009 to 21 January 2019; and 8,150,000 share options granted on 27 December 2017 pursuant to the 2016 Share Option Scheme and are only exercisable based on the latest closing price per share stated on the daily quotation sheet of the Stock Exchange which is at least 30% higher than the initial exercise price of HK$9.10 per share from 27 December 2017 to 26 December 2027. The aforesaid represents an aggregate of 9,239,000 shares.

(2) Mr SONG Weiping, being the sole shareholder of Delta House Limited ("Delta"), is deemed to be interested in 126,071,924 Shares held by Delta pursuant to Part XV of the SFO. Hong Kong Orange Osmanthus Foundation Limited ("HKOO Foundation") is a company limited by guarantee and established by Mr SONG Weiping as a charitable institution of a public character exempt from tax under Section 88 of the Inland Revenue Ordinance, Chapter 112 of the Laws of Hong Kong. As Mr SONG Weiping is the sole member of HKOO Foundation, pursuant to Part XV of the SFO, Mr SONG Weiping is deemed to be interested in 100,000,000 Shares held by HKOO Foundation notwithstanding that Mr SONG Weiping is not beneficially interested in such shares.

(3) It represents the share options granted on 27 December 2017 pursuant to the 2016 Share Option Scheme and are exercisable only based on the latest closing price per share stated on the daily quotation sheet of the Stock Exchange which is at least 30% higher than the initial exercise price of HK$9.10 per share from 27 December 2017 to 26 December 2027.

(4) Mr SHOU Bainian, being the sole shareholder of Profitwise Limited ("Profitwise"), is deemed to be interested in 174,549,783 Shares held by Profitwise pursuant to Part XV of the SFO.

(5) It includes 3,359,000 share options granted on 13 May 2009 pursuant to the 2006 Share Option Scheme and are exercisable at the price of HK$7.16 per share from 13 May 2009 to 12 May 2019; and 7,600,000 share options granted on 27 December 2017 pursuant to the 2016 Share Option Scheme and are only exercisable based on the latest closing price per share stated on the daily quotation sheet of the Stock Exchange which is at least 30% higher than the initial exercise price of HK$9.10 per share from 27 December 2017 to 26 December 2027. The aforesaid represents an aggregate of 10,959,000 shares.

(6) Mr CAO Zhounan, being a shareholder holding 60% of the equity interest of Hangzhou Chengxun Investment Management Co., Ltd. ("Hangzhou Chengxun"), is deemed to be interested in 1,961,500 Shares held by Hangzhou Chengxun pursuant to Part XV of the SFO.

Save as disclosed above, as at 31 December 2017, none of the directors and chief executive of the Company had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or required to notify the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests in Securities

The register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, as at 31 December 2017, the following shareholders, other than those disclosed in the section headed "Directors' and Chief Executive's Interests in Securities", had notified the Company of relevant interests in the shares and underlying shares of the Company:

Name of Substantial Shareholder		Interest or Short Position in the Shares or Underlying Shares (note 1)	Capacity in which Interests are Held	% of Issued Share Capital of the Company Held
CCCG	(note 2)	624,851,793 (L)	Interest of controlled corporations	28.854%
CCCG Holding (HK) Limited	(note 3)	524,851,793 (L)	Beneficial Owner	24.236%
HSBC Trustee (C.I.) Limited	(note 4)	540,589,293 (L)	Interest of controlled corporations	24.963%
Wheelock and Company Limited ("Wheelock")	(note 5)	540,589,293 (L)	Interest of controlled corporations	24.963%
Wharf	(note 6)	540,589,293 (L)	Interest of controlled corporations	24.963%
Ms XIA Yibo	(note 7)	235,310,924 (L)	Interest of spouse	10.866%
Profitwise	(note 8)	174,549,783 (L)	Beneficial Owner	8.060%
Delta	(note 9)	126,071,924 (L)	Beneficial Owner	5.822%
HKOO Foundation	(note 9)	100,000,000 (L)	Beneficial Owner	4.618%

Notes:

(1) The letter "L" denotes a long position. The letter "S" denotes a short position.

(2) CCCG is deemed to be interested in 624,851,793 Shares through its controlled corporations, namely CCCG Real Estate Group Co., Ltd.* (中交房地產集團有限公司) (which is wholly-owned by CCCG) and CCCG Holding (HK) Limited and CCCG Real Estate Holding Limited, each of which is wholly-owned by CCCG Real Estate Group Co., Ltd.* (中交房地產集團有限公司).

(3) A company controlled by CCCG by virtue of SFO.

(4) HSBC Trustee (C.I.) Limited is deemed to be interested in 540,589,293 Shares through its controlled corporations, namely Wheelock, Wheelock Investments Limited, WF Investment Partners Limited, Wharf, Wharf China Holdings Limited and Target Smart Investments Limited ("Target Smart").

(5) Wheelock is deemed to be interested in 540,589,293 Shares through its controlled corporations, namely Wheelock Investments Limited, WF Investment Partners Limited, Wharf, Wharf China Holdings Limited and Target Smart.

(6) Wharf is deemed to be interested in 540,589,293 Shares through its controlled corporations, namely Wharf China Holdings Limited and Target Smart.

(7) Ms XIA Yibo is the spouse of Mr SONG Weiping. Accordingly, pursuant to Part XV of the SFO, Ms XIA Yibo is deemed to be interested in: (i) 126,071,924 Shares held by Delta, a company of which Mr SONG Weiping is the sole shareholder; (ii) 100,000,000 Shares held by HKOO Foundation, a charitable institution established by Mr SONG Weiping of which Mr SONG Weiping is the sole member (notwithstanding that neither Mr SONG Weiping nor Ms XIA Yibo is beneficially interested in those shares); and (iii) 9,239,000 share options of the Company held by Mr SONG Weiping. The aforesaid represents an aggregate of 235,310,924 Shares.

(8) A company controlled by Mr SHOU Bainian by virtue of SFO, of which Mr SHOU Bainian is the sole member.

(9) A company controlled by Mr SONG Weiping by virtue of SFO, of which Mr SONG Weiping is the sole member. HKOO Foundation is a company limited by guarantee and established by Mr SONG Weiping as a charitable institution of a public character exempt from tax under Section 88 of the Inland Revenue Ordinance, Chapter 112 of the Laws of Hong Kong. As Mr SONG Weiping is the sole member of HKOO Foundation, pursuant to Part XV of the SFO, Mr SONG Weiping is deemed to be interested in 100,000,000 shares held by HKOO Foundation notwithstanding that Mr SONG Weiping is not beneficially interested in such shares.

Save as disclosed above, the Company has not been notified of any other notifiable interests or short positions held by any other person in the shares or underlying shares of the Company as at 31 December 2017 required to be recorded under section 336 of the SFO.

As at 31 December 2017, save as disclosed below, none of the directors was a director or employee of a company which had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Name of Company which Had Such Discloseable Interest or Short Position in the Shares	Position within Such Company
Mr SONG Weiping	Delta	Director
	HKOO Foundation	Director
Mr LIU Wensheng	CCCG Holding (HK) Limited	Director
Mr SUN Guoqiang	CCCG Real Estate Group Co., Ltd.	Chairman and Party Committee Secretary
	CCCG Overseas Real Estate Pte. Ltd.	Chairman
Mr SHOU Bainian	Profitwise	Director
Mr CAO Zhounan	CCCG Real Estate Group Co., Ltd.	Director
Mr LI Qingan	CCCG Real Estate Group Co., Ltd.	Director
Mr LI Yongqian	CCCG Real Estate Group Co., Ltd.	Director

Share Option Scheme

The 2006 Share Option Scheme has been terminated upon adoption of the 2016 Share Option Scheme by ordinary resolution of shareholders of the Company at the annual general meeting of the Company held on 17 June 2016 (the "Effective Date"). Upon termination of the 2006 Share Option Scheme, no further options of the 2006 Share Option Scheme can be offered thereunder but the provisions of the scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted prior to its termination and options granted prior to such termination shall continue to be valid and exercisable. The 2016 Share Option Scheme was adopted for the primary purpose of providing incentives and/or reward to directors and employees of the Group and will expire on 16 June 2026 unless otherwise cancelled or amended. Under the Share Option Scheme, the Board may grant options to eligible employees to subscribe for shares in the Company. The eligible participants of the Share Option Scheme are any director or employee of the Group and any other person (including a consultant or adviser) who in the sole discretion of the Board has contributed or will contribute to the Group. The offer of a grant of share options may be accepted within 21 days from the date of offer, upon receipt by the Company of the payment of a consideration of HK$1 and signed acceptance of offer by the eligible participant.

Subject to the terms and conditions of the Share Option Scheme, the maximum numbers of shares in respect of the options may be granted under the Share Option Scheme shall not exceed 10% of the shares of the Company in issue as at the adoption date. 100,000,000 shares options were granted on 27 December 2017 under the Share Option Scheme.

The total number of Shares in respect of which share options may be granted under the Share Option Scheme is not permitted to exceed 10% of the Shares in issue at any point of time, without prior approval from the Company's shareholders. The number of Shares issued and to be issued in respect of which share options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the Shares in issue at any point of time, without prior approval from the Company's shareholders. Share options granted to independent non-executive directors and substantial shareholders of the Company in excess of 0.1% of the Company's issued share capital and with a value in excess of HK$5,000,000 must be approved in advance by the Company's shareholders.

Share options may be exercised at any time from the date of grant of the share option to the expiry of the Share Option Scheme, unless otherwise specified in the Share Option Scheme. The exercise price is determined by the Board, and will not be less than the higher of (i) the closing price of the Shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average of the closing prices of the Shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Shares.

The total number of options available for issue under the Share Option Scheme was 116,557,819 shares, representing approximately 5.38% of the issued share capital of the Company as at the date of this report.

Details of the share options of the Company granted, exercised and cancelled pursuant to the 2006 Share Option Scheme during the year ended 31 December 2017 were as follows:

Name of Grantee	No. of Share Options Outstanding at the Beginning of the Year	No. of Share Options Granted during the Year	No. of Share Options Exercised during the Year	No. of Share Options Cancelled during the Year	No. of Share Options Lapsed during the Year	No. of Share Options Outstanding at the End of the Year	Date of Grant	Period during which Share Options are Exercisable	Exercise Price per Share (HK$)
Directors									
Mr SONG Weiping	544,500	–	–	–	–	544,500	22 January 2009	22 January 2009 to 21 January 2019	2.89
	272,250	–	–	–	–	272,250	22 January 2009	22 January 2010 to 21 January 2019	2.89
	272,250	–	–	–	–	272,250	22 January 2009	22 January 2011 to 21 January 2019	2.89
	1,089,000	**–**	**–**	**–**	**–**	**1,089,000**			
Mr CAO Zhounan	59,000	–	–	–	–	59,000	13 May 2009	13 May 2011 to 12 May 2019	7.16
	3,300,000	–	–	–	–	3,300,000	13 May 2009	13 May 2012 to 12 May 2019	7.16
	3,359,000	**–**	**–**	**–**	**–**	**3,359,000**			
Employees									
Certain other employees of the Company's subsidiaries, associated companies and joint ventures	1,489,500	–	700,500	–13,500	–	802,500	22 January 2009	22 January 2009 to 21 January 2019	2.89
	2,002,500	–	962,000	–19,750	–	1,060,250	22 January 2009	22 January 2010 to 21 January 2019	2.89
	2,793,500	–	720,500	–19,750	–	2,092,750	22 January 2009	22 January 2011 to 21 January 2019	2.89
	13,003,750	–	–	–	–	13,003,750	22 June 2009	22 June 2009 to 21 June 2019	11.00
	7,113,875	–	–	–	–	7,113,875	22 June 2009	22 June 2010 to 21 June 2019	11.00
	7,375,375	–	–	–	–	7,375,375	22 June 2009	22 June 2011 to 21 June 2019	11.00
	7,500,000	–	–	–	–	7,500,000	17 July 2009	17 July 2009 to 16 July 2019	11.59
	3,750,000	–	–	–	–	3,750,000	17 July 2009	17 July 2010 to 16 July 2019	11.59
	3,750,000	–	–	–	–	3,750,000	17 July 2009	17 July 2011 to 16 July 2019	11.59
	48,778,500	**–**	**2,383,000**	**–53,000**	**–**	**46,448,500**			
Certain employees of Greentown Property Management Service Group Co., Ltd., Hangzhou Jinshagang Travel Cultural Co., Ltd. and Greentown Holdings Group Limited, all being affiliates of Mr SONG Weiping and Mr SHOU Bainian	872,500	–	–	–	–	872,500	22 June 2009	22 June 2009 to 21 June 2019	11.00
	436,250	–	–	–	–	436,250	22 June 2009	22 June 2010 to 21 June 2019	11.00
	436,250	–	–	–	–	436,250	22 June 2009	22 June 2011 to 21 June 2019	11.00
	1,745,000	**–**	**–**	**–**	**–**	**1,745,000**			
Total	**54,971,500**	**–**	**2,383,000**	**–53,000**	**–**	**52,641,500**			

Details of the Company's share options granted, exercised, cancelled and lapsed pursuant to the 2016 Share Option Scheme during the year ended 31 December 2017 were as follows:

Name of Grantee	No. of Share Options Outstanding at the Beginning of the Year	No. of Share Options Granted during the Year	No. of Share Options Exercised during the Year	No. of Share Options Cancelled during the Year	No. of Share Options Lapsed during the Year	No. of Share Options Outstanding at the End of the Year	Date of Grant	Period during which Share Options are Exercisable	Exercise Price per Share (HK$)
Directors									
Mr SONG Weiping	–	2,445,000	–	–	–	2,445,000	27 December 2017	27 December 2018 to 26 December 2027	9.10
	–	2,445,000	–	–	–	2,445,000	27 December 2017	27 December 2019 to 26 December 2027	9.10
	–	1,630,000	–	–	–	1,630,000	27 December 2017	27 December 2020 to 26 December 2027	9.10
	–	815,000	–	–	–	815,000	27 December 2017	27 December 2021 to 26 December 2027	9.10
	–	815,000	–	–	–	815,000	27 December 2017	27 December 2022 to 26 December 2027	9.10
	–	**8,150,000**	**–**	**–**	**–**	**8,150,000**			
Mr LIU Wensheng	–	2,220,000	–	–	–	2,220,000	27 December 2017	27 December 2018 to 26 December 2027	9.10
	–	2,220,000	–	–	–	2,220,000	27 December 2017	27 December 2019 to 26 December 2027	9.10
	–	1,480,000	–	–	–	1,480,000	27 December 2017	27 December 2020 to 26 December 2027	9.10
	–	740,000	–	–	–	740,000	27 December 2017	27 December 2021 to 26 December 2027	9.10
	–	740,000	–	–	–	740,000	27 December 2017	27 December 2022 to 26 December 2027	9.10
	–	**7,400,000**	**–**	**–**		**7,400,000**			
Mr CAO Zhounan	–	2,280,000	–	–	–	2,280,000	27 December 2017	27 December 2018 to 26 December 2027	9.10
	–	2,280,000	–	–	–	2,280,000	27 December 2017	27 December 2019 to 26 December 2027	9.10
	–	1,520,000	–	–	–	1,520,000	27 December 2017	27 December 2020 to 26 December 2027	9.10
	–	760,000	–	–	–	760,000	27 December 2017	27 December 2021 to 26 December 2027	9.10
	–	760,000	–	–	–	760,000	27 December 2017	27 December 2022 to 26 December 2027	9.10
	–	**7,600,000**	**–**	**–**		**7,600,000**			
Mr LI Qingan	–	1,950,000	–	–	–	1,950,000	27 December 2017	27 December 2018 to 26 December 2027	9.10
	–	1,950,000	–	–	–	1,950,000	27 December 2017	27 December 2019 to 26 December 2027	9.10
	–	1,300,000	–	–	–	1,300,000	27 December 2017	27 December 2020 to 26 December 2027	9.10
	–	650,000	–	–	–	650,000	27 December 2017	27 December 2021 to 26 December 2027	9.10
	–	650,000	–	–	–	650,000	27 December 2017	27 December 2022 to 26 December 2027	9.10
	–	**6,500,000**	**–**	**–**		**6,500,000**			
Mr LI Yongqian	–	1,710,000	–	–	–	1,710,000	27 December 2017	27 December 2018 to 26 December 2027	9.10
	–	1,710,000	–	–	–	1,710,000	27 December 2017	27 December 2019 to 26 December 2027	9.10
	–	1,140,000	–	–	–	1,140,000	27 December 2017	27 December 2020 to 26 December 2027	9.10
	–	570,000	–	–	–	570,000	27 December 2017	27 December 2021 to 26 December 2027	9.10
	–	570,000	–	–	–	570,000	27 December 2017	27 December 2022 to 26 December 2027	9.10
	–	**5,700,000**	**–**	**–**	**–**	**5,700,000**			

Name of Grantee	No. of Share Options Outstanding at the Beginning of the Year	No. of Share Options Granted during the Year	No. of Share Options Exercised during the Year	No. of Share Options Cancelled during the Year	No. of Share Options Lapsed during the Year	No. of Share Options Outstanding at the End of the Year	Date of Grant	Period during which Share Options are Exercisable	Exercise Price per Share (HK$)
Employees									
Certain other employees of the Company's subsidiaries, associated companies and jointly controlled entities	–	19,395,000	–	–	–	19,395,000	27 December 2017	27 December 2018 to 26 December 2027	9.10
	–	19,395,000	–	–	–	19,395,000	27 December 2017	27 December 2019 to 26 December 2027	9.10
	–	12,930,000	–	–	–	12,930,000	27 December 2017	27 December 2020 to 26 December 2027	9.10
	–	6,465,000	–	–	–	6,465,000	27 December 2017	27 December 2021 to 26 December 2027	9.10
	–	6,465,000	–	–	–	6,465,000	27 December 2017	27 December 2022 to 26 December 2027	9.10
	–	**64,650,000**	**–**	**–**	**–**	**64,650,000**			
Total	**–**	**100,000,000**	**–**	**–**	**–**	**100,000,000**			

The vesting period of the above share options is from the date of grant until the commencement of the period during which they are exercisable.

During the Year, 2,383,000 share options were exercised and 53,000 share options previously cancelled resumed effect and were exercised in April 2017.

For other details regarding the share option scheme(s) of the Company, please refer to note 37 to the consolidated financial statements of the Company in this report.

Valuation of Options

The Company has been using the Binomial Valuation Model and the Black-Scholes Pricing Model (collectively, the "Models") to value the share options granted. Details of the key parameters used in the Models and the corresponding fair values of the options granted in 2009 and 2017 are set out in note 37 to the Consolidated Financial Statements.

Directors' Material Interests in Transactions, Arrangements or Contracts of Significance

Other than as disclosed in the section headed "Connected Transactions and Continuing Connected Transactions" of this annual report and in note 44 to the Consolidated Financial Statements, no Director nor any entity connected with a Director is or was materially interested, either directly or indirectly, in any transaction, arrangement or contract, which is of significance to the business of the Group and to which the Company or any of its subsidiaries, its parent company and the subsidiaries of its parent company was a party, subsisting at any time during, or at the end of, the year ended 31 December 2017.

Permitted Indemnity Provision

Pursuant to the Company's Articles of Association, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted. The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group.

Connected Transactions and Continuing Connected Transactions

Significant related party transactions entered into by the Group for the year ended 31 December 2017 are disclosed in note 44 to the Consolidated Financial Statements. Details of some of the said related party transactions, which also constituted connected transactions or continuing connected transactions of the Company required to be disclosed in accordance with Chapter 14A of the Listing Rules are listed as follows. Save for the transactions mentioned below, none of such related party transactions constituted a connected transaction or a continuing connected transaction of the Company pursuant to Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules as and where applicable and relevant.

(A) Connected Transactions

1.1 Investment in a Joint Venture for Property Development in Indonesia

On 28 March 2017, Greentown Overseas Real Estate Limited (綠城海外房地產有限公司) (a wholly-owned subsidiary of the Company) ("Greentown Overseas") entered into a shareholders' agreement with China Harbour Engineering Company Ltd.* (中國港灣工程有限責任公司) ("CHEC") and CCCG Overseas Real Estate Pte. Ltd. (中交海外房地產有限公司) ("CCCG Overseas"), pursuant to which Greentown Overseas agreed to invest USD12,600,000 in China Harbour Singapore Investment Pte. Ltd. ("China Harbour Singapore"), upon completion of which CHEC, CCCG Overseas and Greentown Overseas would hold approximately 69.7%, 20.2% and 10.1% equity interest in China Harbour Singapore, respectively. China Harbour Singapore, through its subsidiary, holds a project for the development of residential and commercial properties in Jakarta, Indonesia.

As at the date of the agreement, CCCG and its subsidiaries held 624,851,793 Shares, representing approximately 28.886% of the issued share capital of the Company, and CCCG was therefore a substantial shareholder of the Company under the Listing Rules. Accordingly, CCCG and its associates (including CHEC and CCCG Overseas, each being a non-wholly owned subsidiary of CCCG) were connected persons of the Company as at the date of the agreement.

Based on applicable size tests, the entering into of the agreement and the transactions contemplated thereunder constitute a connected transaction of the Company subject to the reporting and announcement requirements, but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Details of the agreement were disclosed in the announcement of the Company dated 28 March 2017.

1.2 Finance lease arrangement

On 30 March 2017, Hainan Greentown Highland Investment & Property Co., Ltd.* (海南綠城高地投資有限公司) (a wholly-owned subsidiary of the Company) ("Hainan Greentown") entered into a finance lease agreement and a consultancy agreement with CCCC Financial Leasing Co., Ltd.* (中交建融租賃有限公司) ("CCCC Financial Leasing"), a non-wholly owned subsidiary of CCCG ("Finance Lease Arrangement"), pursuant to which (i) CCCC Financial Leasing shall purchase certain leased assets from Hainan Greentown at a total consideration of RMB330,000,000 and CCCC Financial Leasing shall lease back the leased assets to Hainan Greentown for a period of 36 months at a total lease payment of RMB357,967,632 which shall be made in six instalments in equal amount; and (ii) Hainan Greentown agreed to engage CCCC Financial Leasing for the provision of financial planning and other consultancy services at a service fee of RMB3,300,000.

As at the date of the Finance Lease Arrangement, CCCG and its subsidiaries held 624,851,793 shares in the Company, representing approximately 28.886% of the issued share capital of the Company, and therefore CCCG was a substantial shareholder of the Company. CCCC Financial Leasing was a non-wholly owned subsidiary of CCCG and thus an associate of CCCG and a connected person of the Company as at the date of the agreement. As such, the transactions contemplated under the Finance Lease Arrangements constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

Based on applicable size tests, the entering into of the agreement and the transactions contemplated thereunder constitute a connected transaction of the Company subject to the reporting and announcement requirements, but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Details of the agreements were disclosed in the announcement of the Company dated 30 March 2017.

1.3 Acquisition of Interests in Football Club

On 27 December 2017, Greentown Real Estate, a wholly-owned subsidiary of the Company, entered into an acquisition agreement with Greentown Holdings Group Limited* (綠城控股集團有限公司) ("Greentown Holdings") and Zhejiang Greentown Football Club Company Limited* (浙江綠城足球俱樂部有限公司) ("Football Club"), pursuant to which Greentown Real Estate agreed to acquire and Greentown Holdings agreed to sell 50% equity interest in the Football Club at the consideration of RMB331,369,550. The consideration for such acquisition would be satisfied in part by Greentown Real Estate transferring the entire equity interest in Hangzhou Rose Garden Resort Co., Ltd.* (杭州玫瑰園度假村有限公司) to Greentown Holdings and in part in cash.

As at the date of the agreement, Greentown Holdings was a company established in the PRC with limited liability which is owned as to 40% by Mr SONG Weiping (a co-chairman of the Board and an executive Director), 21% by Ms XIA Yibo (the spouse of Mr SONG Weiping) and 39% by Mr SHOU Bainian (an executive Director). Accordingly, Greentown Holdings was a connected person of the Company under the Listing Rules as at the date of the agreement.

Based on applicable size tests, the entering into of the agreement and the transactions contemplated thereunder constitute a connected transaction of the Company subject to the reporting and announcement requirements, but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Details of the agreement were disclosed in the announcement of the Company dated 27 December 2017.

(B) Continuing Connected Transactions

In 2017, the Group entered into the following non-exempt continuing connected transactions (the "Non-exempt Continuing Connected Transactions") within the meaning of Chapter 14A of the Listing Rules, and are subject to certain reporting requirements:

2.1 Renewed Properties Leasing Agreements

On 20 January 2012, the Company and Greentown Holdings entered into certain leasing agreements, pursuant to which Greentown Holdings leased to the Company certain commercial properties for general commercial uses (the "Commercial Properties") and certain staff quarters as staff quarters of the Group (the "Staff Quarters"). On 12 March 2015, the Company and Greentown Holdings entered into certain properties leasing agreements (the "Renewed Properties Leasing Agreements") in respect of the Commercial Properties and the Staff Quarters for a term up to 31 December 2017.

The annual cap for the rent payable by the Company under the Renewed Properties Leasing Agreements for each of the three years ended 31 December 2017 was RMB15 million (as to RMB14.5 million for the rent of the Commercial Properties and RMB0.50 million for the rent of the Staff Quarters).

As at the date of the agreement, as Greentown Holdings was wholly-owned by Mr SONG Weiping, Mr SHOU Bainian and Ms XIA Yibo (the spouse of Mr SONG Weiping) (collectively, the "Original Shareholders"), Greentown Holdings was a connected person of the Company and the transactions contemplated under the Renewed Properties Leasing Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Details of the Renewed Properties Leasing Agreements were disclosed in the announcement of the Company dated 12 March 2015.

2.2 Renewed Advertising Services Agreement

On 20 January 2012, the Company and the Football Club entered into an advertising services agreement (the "Advertising Services Agreement"), pursuant to which the Football Club agreed to provide advertising services to the Company including advertising the Company's "Greentown Real Estate" brand name at the football games and events participated by the Football Club. On 12 March 2015, the Company and the Football Club entered into an advertising services agreement (the "Renewed Advertising Services Agreement") in accordance with similar terms of the Advertising Services Agreement for a term up to 31 December 2017.

The annual cap for the aggregate annual advertising fees payable by the Company under the Renewed Advertising Services Agreement for each of the three years ended 31 December 2017 was RMB70 million.

As at the date of the agreement, as Greentown Holdings is wholly-owned by the Original Shareholders, Greentown Holdings is a connected person of the Company. As at the date of the agreement, as the Football Club was a non-wholly owned subsidiary of Greentown Holdings, the Football Club was a connected person of the Company and the transactions contemplated under the Renewed Advertising Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Details of the Renewed Advertising Services Agreement were disclosed in the announcement of the Company dated 12 March 2015.

2.3 Renewed Comprehensive Services Agreement

On 20 January 2012, the Company, the Original Shareholders and Greentown Holdings entered into a comprehensive services agreement (the "Comprehensive Services Agreement") in respect of the provision of interior decoration services, property management services, raw materials and hotel management services to the Company. On 12 March 2015, the Company, the Original Shareholders and Greentown Holdings entered into a comprehensive services agreement (the "Renewed Comprehensive Services Agreement") in accordance with similar terms of the Comprehensive Services Agreement for a term up to 31 December 2017.

(a) *Interior Decoration Services*

Pursuant to the Renewed Comprehensive Services Agreement, the Original Shareholders, through their associates, agreed to provide interior decoration services to the Company for the Company's property developments upon terms not less favorable than those the Original Shareholders offer to any third parties from time to time. The Company was not obliged to engage such services exclusively or at all from the Original Shareholders. By serving three months' prior written notice, the Company may terminate such services in respect of any of the Company's projects. The annual cap for the fees in respect of interior decoration services payable by the Company under the Renewed Comprehensive Services Agreement for each of the three years ended 31 December 2017 was RMB10 million.

As at the date of the agreement, as the Original Shareholders were connected persons of the Company, the provision of interior decoration services by the Original Shareholders through their associates under the Renewed Comprehensive Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(b) *Property Management Services*

Pursuant to the Renewed Comprehensive Services Agreement, Greentown Holdings, through its associates, agreed to provide, among other services, pre-delivery property management services (including certain property management advisory services, security services and other related services) to the Company for the Company's property developments upon terms not less favorable than those Greentown Holdings offers to any third parties from time to time. The Company was not obliged to engage such services exclusively or at all from Greentown Holdings. By serving three months' prior written notice, the Company may terminate such services in respect of any of the Company's projects. The annual caps for the fees in respect of the aforesaid property management services payable by the Company under the Renewed Comprehensive Services Agreement for the three years ended 31 December 2017 were RMB220 million, RMB240 million and RMB260 million, respectively.

(c) *Supply of Raw Materials*

Pursuant to the Renewed Comprehensive Services Agreement, Greentown Holdings, through its associates, agreed to supply, among other things, certain landscaping raw materials to the Company for the Company's property developments upon terms not less favorable than those Greentown Holdings offers to any third parties from time to time. The Company was not obliged to purchase such landscaping raw materials exclusively or at all from Greentown Holdings. By serving three months' prior written notice, the Company may terminate the purchase of such landscaping raw materials in respect of any specific supply contract. The annual cap for the costs in respect of the purchase of the aforesaid landscaping raw materials by the Company under the Renewed Comprehensive Services Agreement for each of the three years ended 31 December 2017 was RMB10 million.

(d) *Hotel Management Services*

Pursuant to the Renewed Comprehensive Services Agreement, Greentown Holdings, through its associates, agreed to provide, among other services, pre-delivery hotel management services (including certain advisory services and other related services) and post-delivery hotel management and operation services (including leasing business) to the Company for the Company's hotel property development projects upon terms not less favorable than those Greentown Holdings offers to any third parties from time to time. The Company was not obliged to engage such services exclusively or at all from Greentown Holdings. By serving three months' prior written notice, the Company may terminate such services in respect of any of the Company's projects. The annual cap for the aforesaid hotel management services payable by the Company under the Renewed Comprehensive Services Agreement for each of the three years ended 31 December 2017 was RMB15 million.

As at the date of the relevant agreement, as Greentown Holdings was wholly-owned by the Original Shareholders, Greentown Holdings was a connected person of the Company and the transactions contemplated in paragraphs (b) to (d) above constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Details of the Renewed Comprehensive Services Agreement were disclosed in the announcement of the Company dated 12 March 2015.

2.4 Renewed Educational Services Framework Agreement

On 20 January 2012, the Company and Zhejiang Greentown Education Investment Co., Ltd.* (浙江綠城教育投資有限公司) ("Greentown Education") entered into an educational services framework agreement (the "Educational Services Framework Agreement") for the provision of early educational participation services by Greentown Education to the Group in the Group's development projects. On 12 March 2015, the Company and Greentown Education entered into an educational services framework agreement (the "Renewed Educational Services Framework Agreement") in accordance with similar terms of the Educational Services Framework Agreement for a term up to 31 December 2017. The services provided by Greentown Education mainly include: (i) participating in and advising on the initial decoration proposals and decoration work for the nursery and primary schools in the development projects of the Group; and (ii) assisting the Group in developing interest classes and summer camps, and related promotional activities. The services were charged according to government determined or directed price or, in absence of such government determination or direction, at market price (including tender price) which may be charged by an independent third party under normal commercial terms in respect of the provision of similar services in the same area, the vicinity or the PRC. The services under the Renewed Educational Services Framework Agreement were not exclusive and the Group may engage other service providers for the same services. The Company may also terminate the services provided by Greentown Education by serving three months' prior written notice. The annual cap for the fees in respect of the educational services payable by the Company under the Renewed Educational Services Framework Agreement for each of the three years ended 31 December 2017 was RMB10 million.

As at the date of the agreement, as Greentown Education was wholly-owned by the Original Shareholders, Greentown Education was a connected person of the Company and the transactions contemplated under the Renewed Educational Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Details of the Renewed Educational Services Framework Agreement were disclosed in the announcement of the Company dated 12 March 2015.

2.5 Renewed Healthcare Services Framework Agreement

On 20 January 2012, the Company and Zhejiang Greentown Hospital Investment Co., Ltd.* (浙江綠城醫院投資有限公司) ("Greentown Hospital") entered into a healthcare services framework agreement (the "Healthcare Services Framework Agreement") for the provision of healthcare services to the Group. On 12 March 2015, the Company and Greentown Hospital entered into a healthcare services framework agreement (the "Renewed Healthcare Services Framework Agreement") in accordance with similar terms of the Healthcare Services Framework Agreement for a term up to 31 December 2017. The services provided by Greentown Hospital mainly include: (i) providing healthcare and rehabilitation services; (ii) providing regular medical activities in respect of common or recurring diseases; (iii) establishing health database and developing health screening services; (iv) providing specific medical services; and (v) providing medical and living care services. The services were charged according to government determined or directed price or, in absence of such government determination or direction, at market price (including tender price) which may be charged by an independent third party under normal commercial terms in respect of the provision of similar services in the same area, the vicinity or the PRC. The services under the Renewed Healthcare Services Framework Agreement were not exclusive and the Group may engage other service providers for the same services. The Company may also terminate the services provided by Greentown Hospital by serving three months' prior written notice. The annual cap for the fees in respect of healthcare services payable by the Company under the Renewed Healthcare Services Framework Agreement for each of the three years ended 31 December 2017 was RMB10 million.

As at the date of the agreement, as Greentown Hospital was controlled by the Original Shareholders, Greentown Hospital was a connected person of the Company and the transactions contemplated under the Renewed Healthcare Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Details of the Renewed Healthcare Services Framework Agreement were disclosed in the announcement of the Company dated 12 March 2015.

The annual amounts for each of the Non-exempt Continuing Connected Transactions for the year ended 31 December 2017 were as follows:

Transaction Amounts for the Year Ended 31 December 2017	RMB'000
Annual rental pursuant to the Renewed Properties Leasing Agreements	9,109
Advertising fees pursuant to the Renewed Advertising Services Agreement	70,000
Interior decoration service fees pursuant to the Renewed Comprehensive Services Agreement	2,471
Property management service fees pursuant to the Renewed Comprehensive Services Agreement	–
Purchase cost of raw materials pursuant to the Renewed Comprehensive Services Agreement	–
Hotel management services fees pursuant to the Renewed Comprehensive Services Agreement	–
Educational services fees pursuant to the Renewed Educational Services Framework Agreement	757
Healthcare services fees pursuant to the Renewed Healthcare Services Framework Agreement	867

On 29 March 2018, agreements entered into between the Company and the relevant connected person relating to certain Non-exempt Continuing Connected Transactions have been renewed. Details of such renewal were set out in the announcement of the Company dated 29 March 2018.

The independent non-executive directors of the Company have reviewed the Non-exempt Continuing Connected Transactions and confirmed that they were:

(a) entered into by members of the Group in the ordinary and usual course of its business;

(b) on normal commercial terms or better; and

(c) entered into in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing his findings and conclusions in respect of the Non-Exempt Continuing Connected Transactions in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

In the opinion of the Directors, all the above transactions have been entered into in the ordinary and usual course of the Group's business and are conducted on normal commercial terms or better and are fair and reasonable and in the interests of the Company's shareholders as a whole.

The Directors confirm that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Directors' Interest In Competing Business

We set out below other directors' interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

Name of Director	Name of Competing Entity	Nature of Business of the Competing Entity	Nature of Interest of the Director in the Competing Entity
Mr SONG Weiping	Greentown Holdings	The development and sale of the Remaining Non-Inclusion Project (Note)	Director and substantial shareholder
Mr LIU Wensheng	CCCC	The design and construction of transportation infrastructure dredging business, heavy machinery manufacturing and property development	Secretary of Board of Directors, Company Secretary and Chief Economist
Mr SHOU Bainian	Greentown Holdings	The development and sale of the Remaining Non – Inclusion Project (Note)	Director and substantial shareholder

Name of Director	Name of Competing Entity	Nature of Business of the Competing Entity	Nature of Interest of the Director in the Competing Entity
Mr SUN Guoqiang	CCCG Real Estate Group Company Limited* (中交房地產集團有限公司)	The development of properties and project investment	Chairman and Party Committee Secretary
	CCCG Overseas Real Estate Pte. Ltd. (中交海外房地產有限公司)	The development of properties and investment	Chairman
Mr CAO Zhounan	CCCG Real Estate Group Company Limited* (中交房地產集團有限公司)	The development of properties and project investment	Director
Mr LI Qingan	CCCG Real Estate Group Company Limited* (中交房地產集團有限公司)	The development of properties and project investment	Director
Mr LI Yongqian	CCCG Real Estate Group Company Limited* (中交房地產集團有限公司)	The development of properties and project investment	Director

Note: Among the eight property projects as referred to in the deed of non-competition dated 22 June 2006 and disclosed in the section headed "Business – Non-competition undertaking – Non-inclusion projects" in the prospectus of the Company dated 30 June 2006, so far as the Company is aware, there was only one project which remained on-going as at 31 December 2017 (the "Remaining Non-Inclusion Project").

Major Customers and Suppliers

The aggregate sales attributable to the Group's five largest customers were less than 30% of the Group's total sales and the sales attributable to the Group's largest customer were less than 10% of the Group's total sales for the Year.

The aggregate purchases attributable to the Group's five largest suppliers were less than 30% of the Group's total purchases and the purchases attributable to the Group's largest supplier were less than 10% of the Group's total purchases for the Year.

At no time during the year ended 31 December 2017, a director, an associate of a director or a shareholder of the Company (who to the knowledge of the directors own more than 5% of the Company's share capital) had any interest in any of the Group's five largest suppliers or customers.

Pre-Emptive Rights

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

Donations

During the year ended 31 December 2017, the Company made charitable donations amounting to RMB8,713,168.91.

Annual General Meeting

The forthcoming AGM is proposed to be held on 15 June 2018 (Friday). A notice convening the AGM will be published and despatched to the Shareholders in the manner as required by the Listing Rules in due course.

Closure of Register of Members

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

(i) From 12 June 2018 (Tuesday) to 15 June 2018 (Friday), both days inclusive, during which period no transfer of shares will be registered, for the purpose of ascertaining Shareholders' entitlement to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, Shareholders must lodge all transfers accompanied by the relevant share certificates with the Company's branch share register in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 11 June 2018 (Monday); and

(ii) From 22 June 2018 (Friday) to 26 June 2018 (Tuesday), both days inclusive, during which period no transfer of shares will be registered, for the purpose of ascertaining Shareholders' entitlement to the 2017 Final Dividend, if approved by the Shareholders at the AGM. In order to be eligible to the 2017 Final Dividend, Shareholders must lodge all transfers accompanied by the relevant share certificates with the Company's branch share register in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 21 June 2018 (Thursday).

Auditor

The Consolidated Financial Statements of the Group for the year ended 31 December 2017 have been audited by Messrs. Deloitte Touche Tohmatsu. A resolution will be proposed at the forthcoming AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as the auditor of the Company.

By order of the Board
Co-chairmen
SONG Weiping LIU Wensheng

28 March 2018

Independent Auditor's Report

Deloitte. 德勤

TO THE MEMBERS OF GREENTOWN CHINA HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Greentown China Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 116 to 242, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") 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 Hong Kong Institute of Certified Public Accountants ("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
Net realisable value for properties for development, properties under development and completed properties for sale	
We identified the net realisable value for properties for development, properties under development and completed properties for sale as a key audit matter as a significant management estimate is required in assessing the net realisable value. Properties for development, properties under development and completed properties for sale at the end of each reporting period are stated at the lower of cost and net realisable value.	Our procedures in relation to the management's assessment of the net realisable value of properties for development, properties under development and completed properties for sale included, among others: • Obtaining an understanding of key controls over cost budgeting for estimated costs to completion;

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Net realisable value for properties for development, properties under development and completed properties for sale	
Net realisable value for properties for development, properties under development is determined by reference to estimated selling price in the ordinary course of business less estimated costs to completion and the estimated costs necessary to make the sales. Net realisable value for completed properties for sale is determined by reference to estimated selling price in the ordinary course of business less the estimated costs necessary to make the sales. As disclosed in note 4 to the consolidated financial statements, as at 31 December 2017, the carrying amounts of properties for development, properties under development and completed properties for sale are RMB25,467,537,000 (2016: RMB14,289,403,000), RMB83,149,261,000 (2016: RMB61,485,671,000) and RMB20,650,760,000 (2016: RMB12,246,484,000) respectively (net of accumulated impairment losses of RMB nil (2016: RMB nil), RMB nil (2016: RMB nil) and RMB386,330,000 (2016: RMB110,282,000) respectively).	• Assessing the reasonableness of estimated selling prices by comparing, on a sample basis, the management's estimation with most recent average selling prices with contracted sales of the underlying properties made to date or from current market prices of properties of comparable standards and locations; and • Assessing the reasonableness of estimated costs of completion by comparing, on a sample basis, the previous budgeted costs to actual development costs incurred, and checking to supporting documentation such as quantity surveyor reports and signed contracts.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties stated at fair value	
We identified the valuation of investment properties stated at fair value as a key audit matter due to the involvement of management's judgement in determining the fair value. As disclosed in note 15 to the consolidated financial statements, investment properties are carried in the consolidated statement of financial position at 31 December 2017 at their fair value of approximately RMB2,716,396,000 (2016: RMB1,981,500,000). The fair value was based on valuation on these properties conducted by the independent qualified professional valuer using property valuation techniques which adopt the investment approach by capitalising the net rental income derived from the existing tenancies with due provision for the reversionary income potential of the property interests, or where appropriate, by direct comparison approach by making reference to comparable sales transactions as available in the relevant markets. Favourable or unfavourable changes to the assumptions such as rental yield and estimation of future rentals would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.	Our procedures in relation to the valuation of investment properties included, among others: • Evaluating the appropriateness of the third party valuer's scope and assessed whether the third party valuer had sufficient expertise; • Obtaining an understanding of the valuation processes and the significant assumptions used in the valuation, namely the reversionary yield and market unit rent, from the management of the Group and the valuer; • Checking the source information provided by the management to the third party valuer to see if the source information is consistent with our records; and • Evaluating the appropriateness of the valuer's key assumptions by comparing yields on a sample of properties to external benchmark indices and comparing market unit rent used in the valuation on a sample of properties to comparable market transactions that we independently sourced from market data.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Provision for Land Appreciation Tax ("LAT") We identified the provision for LAT as a key audit matter due to the complexity of estimation of LAT. The Group is subject to LAT in the PRC, as disclosed in note 4 to the consolidated financial statements, the provision for LAT amounting to RMB3,463,172,000 (2016: RMB2,095,175,000) (included in income taxes payable) is estimated and made according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated. Accordingly, significant judgment is required in determining the amount of land appreciation and its related income tax provisions. The Group recognises land appreciation tax based on 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 local tax authorities.	Our procedures in relation to the provision for LAT included, among others: • Obtaining an understanding from the management of the Group in respect of the principal assumptions and judgements made in arriving at the provision for LAT; • Assessing the Group's provision for LAT computation prepared by the management of the Group with reference to relevant rules and regulations with the assistance of our taxation specialists; and • Checking the financial information, such as land costs, borrowing costs and the relevant property development expenditures, used in the calculation of provision for LAT to the Group's historical financial data. Furthermore, we assessed the adequacy and appropriateness of the disclosures in respect to the provision for LAT.

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 Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company 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 of the Company 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 of the Company 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 of the Company.

- 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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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 Kay Man Wo, Dick.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28 March 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2017

	NOTES	2017 RMB'000	2016 RMB'000
Revenue	5	**41,952,752**	28,975,603
Cost of sales		**(33,877,152)**	(22,953,628)
Gross profit		**8,075,600**	6,021,975
Other income	6	**1,223,089**	977,400
Other gains and losses	7	**121,698**	574,819
Selling expenses		**(1,616,716)**	(1,347,245)
Administrative expenses		**(2,859,701)**	(2,860,501)
Finance costs	8	**(1,476,671)**	(1,037,480)
Reversal of impairment losses on property, plant and equipment	14	**19,680**	37,649
Impairment losses on completed properties for sale		**(352,348)**	(68,593)
Impairment losses on trade and other receivables		**(216,226)**	(25,783)
Impairment losses on amounts due from an associate and a joint venture		**(431,099)**	(81,787)
Gain from changes in fair value of investment properties	15	**253,400**	50,000
Fair value changes on cross currency swaps		**–**	55,547
Fair value changes on senior notes' early redemption options	28	**(156,700)**	(101,294)
Gain on re-measurement of associates and a joint venture to acquisition date fair value in business combination achieved in stages	33	**1,623,535**	51,689
Gain on acquisition of subsidiaries	33	**13,806**	2,325
Net gain on disposal of subsidiaries	34	**1,619,765**	74,461
Share of results of associates		**557,962**	1,255,767
Share of results of joint ventures		**(8,306)**	169,280
Profit before taxation	9	**6,390,768**	3,748,229
Taxation	11	**(3,719,803)**	(1,525,686)
Profit for the year		**2,670,965**	2,222,543
Other comprehensive income item that may be reclassified subsequently to profit or loss			
Fair value gain on available-for-sale investment		**383,776**	86,498
Other comprehensive income for the year, net of income tax		**383,776**	86,498
Total comprehensive income for the year		**3,054,741**	2,309,041
Profit for the year attributable to:			
Owners of the Company		**2,189,598**	1,917,096
Non-controlling interests		**481,367**	305,447
		2,670,965	2,222,543
Total comprehensive income for the year attributable to:			
Owners of the Company		**2,573,374**	2,003,594
Non-controlling interests		**481,367**	305,447
		3,054,741	2,309,041
Earnings per share	13		
Basic		**RMB0.77**	RMB0.70
Diluted		**RMB0.77**	RMB0.70

Consolidated Statement of Financial Position

As at 31 December 2017

	NOTES	2017 RMB'000	2016 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**7,713,259**	6,546,635
Investment properties	15	**2,716,396**	1,981,500
Goodwill	16	**769,241**	769,241
Interests in associates	17	**7,777,384**	7,105,857
Interests in joint ventures	18	**1,897,467**	3,058,370
Available-for-sale investments	19	**983,830**	516,801
Prepaid lease payment	20	**738,163**	662,981
Rental paid in advance		**12,149**	8,626
Deferred tax assets	21	**1,586,225**	1,304,716
Senior notes' early redemption options	28	**–**	156,700
		24,194,114	22,111,427
CURRENT ASSETS			
Properties for development	22	**25,467,537**	14,289,403
Properties under development	23	**83,149,261**	61,485,671
Completed properties for sale		**20,650,760**	12,246,484
Inventories		**406,754**	92,844
Trade and other receivables, deposits and prepayments	24	**9,028,797**	6,303,874
Amounts due from related parties	44(ii)	**28,346,684**	23,891,988
Prepaid income taxes		**4,266,197**	2,634,579
Prepaid other taxes		**3,001,285**	1,768,699
Pledged bank deposits	24, 38	**5,907,338**	2,292,743
Bank balances and cash	24	**30,070,092**	22,677,917
		210,294,705	147,684,202
Assets classified as held for sale	25	**1,339,427**	–
		211,634,132	147,684,202
CURRENT LIABILITIES			
Trade and other payables	26	**21,255,077**	17,290,445
Pre-sale deposits		**65,900,213**	38,422,675
Amounts due to related parties	44(ii)	**29,895,503**	17,072,087
Income taxes payable		**7,067,640**	4,663,588
Other taxes payable		**656,693**	441,433
Bank and other borrowings	27	**12,732,906**	10,037,318
Corporate debt instruments	29	**4,951,618**	–
		142,459,650	87,927,546
Liabilities associated with assets classified as held for sale	25	**1,128,538**	–
		143,588,188	87,927,546

As at 31 December 2017

	NOTES	2017 RMB'000	2016 RMB'000
NET CURRENT ASSETS		**68,045,944**	59,756,656
TOTAL ASSETS LESS CURRENT LIABILITIES		**92,240,058**	81,868,083
NON-CURRENT LIABILITIES			
Bank and other borrowings	27	**24,449,759**	25,983,995
Senior notes	28	**3,149,003**	4,896,445
Corporate debt instruments	29	**10,831,086**	6,916,290
Receipts under securitisation arrangements	30	**1,591,891**	–
Deferred tax liabilities	21	**5,423,880**	4,744,710
		45,445,619	42,541,440
		46,794,439	39,326,643
CAPITAL AND RESERVES			
Share capital	31	**209,240**	209,034
Reserves		**26,269,450**	24,481,284
Equity attributable to owners of the Company		**26,478,690**	24,690,318
Perpetual securities	32	**8,603,949**	5,598,919
Non-controlling interests		**11,711,800**	9,037,406
		46,794,439	39,326,643

The consolidated financial statements on page 116 to 242 were approved and authorised for issue by the board of directors on 28 March 2018 and are signed on its behalf by:

CAO Zhounan
DIRECTOR

Li Qing'an
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2017

	Attributable to owners of the Company										
	Share capital RMB'000	**Share premium** RMB'000	**Special reserve** RMB'000 (i)	**Statutory reserve** RMB'000 (ii)	**Share option reserve** RMB'000	**Investments revaluation reserve** RMB'000	**Retained earnings** RMB'000	**Subtotal** RMB'000	**Perpetual securities** RMB'000	**Non-controlling Interests** RMB'000	**Total** RMB'000
At 1 January 2016	208,967	8,543,013	(563,194)	1,850,121	213,783	–	13,748,347	24,001,037	3,014,681	9,644,341	36,660,059
Profit for the year	–	–	–	–	–	–	1,917,096	1,917,096	–	305,447	2,222,543
Other comprehensive income for the year	–	–	–	–	–	86,498	–	86,498	–	–	86,498
Total comprehensive income for the year	–	–	–	–	–	86,498	1,917,096	2,003,594	–	305,447	2,309,041
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(839,682)	(839,682)
Transfer (ii)	–	–	–	10,868	–	–	(10,868)	–	–	–	–
Exercise of share options	67	2,654	–	–	(791)	–	–	1,930	–	–	1,930
Issue of perpetual securities (note 32)	–	–	–	–	–	–	–	–	2,584,238	–	2,584,238
Distribution relating to perpetual securities (note 32)	–	–	–	–	–	–	(371,044)	(371,044)	–	–	(371,044)
Acquisition of subsidiaries (note 33)	–	–	–	–	–	–	–	–	–	151,977	151,977
Purchase of additional interest in subsidiaries	–	–	(964,275)	–	–	–	–	(964,275)	–	(129,606)	(1,093,881)
Partial disposal of interest in subsidiaries	–	–	19,076	–	–	–	–	19,076	–	31,424	50,500
Disposal of subsidiaries (note 34)	–	–	–	–	–	–	–	–	–	(99,595)	(99,595)
Liquidation of subsidiaries	–	–	–	–	–	–	–	–	–	(49,000)	(49,000)
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	22,100	22,100
At 31 December 2016	209,034	8,545,667	(1,508,393)	1,860,989	212,992	86,498	15,283,531	24,690,318	5,598,919	9,037,406	39,326,643
Profit for the year	–	–	–	–	–	–	2,189,598	2,189,598	–	481,367	2,670,965
Other comprehensive income for the year	–	–	–	–	–	383,776	–	383,776	–	–	383,776
Total comprehensive income for the year	–	–	–	–	–	383,776	2,189,598	2,573,374	–	481,367	3,054,741
Dividends recognised as distributions (note 12)	–	–	–	–	–	–	(259,583)	(259,583)	–	–	(259,583)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(1,147,769)	(1,147,769)
Transfer (ii)	–	–	–	56,467	–	–	(56,467)	–	–	–	–
Recognition of equity-settled share-based payments	–	–	–	–	1,778	–	–	1,778	–	–	1,778
Exercise of share options	206	8,188	–	–	(2,429)	–	–	5,965	–	–	5,965
Issue of perpetual securities (note 32)	–	–	–	–	–	–	–	–	3,005,030	–	3,005,030
Distribution relating to perpetual securities (note 32)	–	–	–	–	–	–	(454,637)	(454,637)	–	–	(454,637)
Acquisition of subsidiaries (note 33)	–	–	–	–	–	–	–	–	–	3,726,434	3,726,434
Purchase of additional interest in subsidiaries	–	–	(75,560)	–	–	–	–	(75,560)	–	(852,540)	(928,100)
Partial disposal of interest in subsidiaries	–	–	(2,965)	–	–	–	–	(2,965)	–	131,581	128,616
Disposal of subsidiaries (note 34)	–	–	–	–	–	–	–	–	–	(34,119)	(34,119)
Liquidation of subsidiaries	–	–	–	–	–	–	–	–	–	(116,069)	(116,069)
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	485,509	485,509
At 31 December 2017	209,240	8,553,855	(1,586,918)	1,917,456	212,341	470,274	16,702,442	26,478,690	8,603,949	11,711,800	46,794,439

Notes:

(i) Special reserve mainly represents changes in equity attributable to owners' of the Company risen from partial acquisition or disposal of subsidiaries. The changes are calculated based on the difference between the amount by which non-controlling interests are adjusted and the fair value of the consideration paid or received for the partial acquisition or disposal.

(ii) The statutory reserve is non-distributable and the transfer to this reserve is determined by the board of directors of the relevant companies in accordance with the relevant laws and regulations of the People's Republic of China (the "PRC"). This reserve can be used to offset accumulated losses and increase capital upon approval from the relevant authorities.

Consolidated Statement of Cash Flows

For the year ended 31 December 2017

	2017 RMB'000	2016 RMB'000
OPERATING ACTIVITIES		
Profit before taxation	6,390,768	3,748,229
Adjustments for:		
Share of results of associates	(557,962)	(1,255,767)
Share of results of joint ventures	8,306	(169,280)
Depreciation and amortisation	342,322	298,304
Impairment losses on trade and other receivables	216,226	25,783
Impairment losses on completed properties for sale	352,348	68,593
Impairment losses on amounts due from an associate and a joint venture	431,099	81,787
Reversal of impairment losses on property, plant and equipment	(19,680)	(37,649)
Interest income	(486,615)	(761,803)
Dividends from available-for-sale investments	(18,052)	(24,000)
Finance costs	1,476,671	1,037,480
Net unrealised foreign exchange (gains) losses	(511,187)	528,132
Net loss on disposal of property, plant and equipment	5,626	13,036
Gain from changes in fair value of investment properties	(253,400)	(50,000)
Fair value changes on cross currency swaps	–	(55,547)
Fair value changes on senior notes' early redemption options	156,700	101,294
Gain on acquisition of subsidiaries	(13,806)	(2,325)
Net gain on disposal of subsidiaries	(1,619,765)	(74,461)
Gain on acquisition of associates	(36,337)	–
Gain on disposal of associates	(6,405)	(575,455)
Loss on disposal of joint ventures	–	636
Gain on re-measurement of associates and a joint venture to acquisition date fair value in business combination achieved in stages	(1,623,535)	(51,689)
Gain on fair value of acquisition of associates and a joint venture in stages	(78,956)	–
Operating cash flows before movements in working capital	4,154,366	2,845,298
Increase in properties for development	(11,232,109)	(1,899,220)
Increase in properties under development	(15,085,535)	(5,690,518)
Decrease in completed properties for sale	9,497,500	2,115,715
Increase in inventories	(260,221)	(429)
Increase in trade and other receivables, deposits and prepayments	(2,001,223)	(1,498,966)
Increase in prepaid other taxes	(400,261)	(301,064)
(Increase) decrease in rental paid in advance	(3,523)	217
Increase in pre-sale deposits	6,421,050	12,654,269
Decrease in trade and other payables	(2,610,917)	(1,092,420)
Increase (decrease) in other taxes payable	214,577	(1,272,314)
Cash generated (used in) from operations	(11,306,296)	5,860,568
Income taxes paid	(3,777,065)	(2,410,548)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(15,083,361)	3,450,020

For the year ended 31 December 2017

	NOTES	2017 RMB'000	2016 RMB'000
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(390,679)**	(208,974)
Proceeds from disposal of property, plant and equipment		**23,984**	23,177
Purchase of investment property		**(171,666)**	–
Increase in prepaid lease payment		**(22,606)**	(24,356)
Investments in associates		**(805,466)**	(6,525)
Investments in joint ventures		**(239,070)**	(97,934)
Disinvestment in associates		**8,000**	139,225
Disinvestment in joint ventures		**105,000**	60,000
Dividends received from associates and joint ventures		**1,063,102**	488,312
Purchase of available-for-sale investments		**(92,758)**	(236,299)
Dividends received from available-for-sale investments		**18,052**	24,000
Consideration paid for acquisition of subsidiaries and associates and relevant shareholders' loan recognised in prior year		**(226,892)**	–
Consideration received for disposal of subsidiaries and an associate recognised in prior year		**91,635**	12,000
Acquisition of subsidiaries which constitute business (net of cash and cash equivalents acquired)	33	**1,536,263**	236,186
Disposal of subsidiaries (net of cash and cash equivalents disposed of)	34	**1,899,909**	(174,405)
Receipt (repaid) in advance for a subsidiary held for sale		**190,157**	(786,913)
Proceeds from disposal of interests in associates		**30,358**	679,091
Proceeds from disposal of interests in joint ventures		**–**	68,000
Advance to third parties		**(28,234)**	(649,774)
Repayment from related parties		**2,012,091**	1,306,971
Exercise of cross currency swaps		**–**	(144,249)
(Increase) decrease in pledged bank deposits		**(3,617,983)**	1,066,024
Interest received		**166,793**	392,312
NET CASH FROM INVESTING ACTIVITIES		**1,549,990**	2,165,869

For the year ended 31 December 2017

	2017 RMB'000	2016 RMB'000
FINANCING ACTIVITIES		
Bank and other borrowings raised	**29,231,582**	29,261,615
Repayment of bank and other borrowings	**(28,219,908)**	(21,493,666)
Interest paid	**(4,025,873)**	(3,533,653)
Senior notes repaid	**(1,577,941)**	(6,177,244)
Advance from borrowings from related parties	**14,457,270**	3,430,166
Contribution by non-controlling shareholders of subsidiaries	**485,509**	22,100
Dividends paid to owners of the Company	**(259,583)**	–
Dividends paid to non-controlling interests	**(1,147,769)**	(839,682)
Repayment of non-controlling shareholders capital contribution upon liquidation of subsidiaries	**(116,069)**	(49,000)
Proceeds from issue of perpetual securities	**3,005,030**	2,584,238
Distribution relating to perpetual securities	**(454,637)**	(371,044)
Proceeds from issue of corporate debt instruments	**8,834,377**	–
Proceeds from issue of receipts under securitisation arrangements	**1,590,140**	–
Proceeds from exercise of share options	**5,965**	1,930
Purchase of additional interests in subsidiaries	**(928,100)**	(774,071)
Proceeds from partial disposal of subsidiaries	**128,616**	50,500
NET CASH FROM FINANCING ACTIVITIES	**21,008,609**	2,112,189
NET INCREASE IN CASH AND CASH EQUIVALENTS	**7,475,238**	7,728,078
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	**22,677,917**	14,879,912
Effects of exchange rate changes on the balance of cash held in foreign currencies	**(83,063)**	69,927
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	**30,070,092**	22,677,917
REPRESENTED BY BANK BALANCES AND CASH	**30,070,092**	22,677,917

Notes to the Consolidated Financial Statements

For the year ended 31 December 2017

1. General

Greentown China Holdings Limited (the "Company") was incorporated in the Cayman Islands on 31 August 2005 as an exempted company with limited liability under the Companies Law (2004 Revision) and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 13 July 2006. The address of the registered office of the Company is disclosed in the section headed "Corporate Information" of the annual report.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

The Company is an investment holding company. The principal activity of its subsidiaries (together with the Company referred to as the "Group") is the development for sale of residential properties in the PRC.

2. Application of New and Revised International Financial Reporting Standards ("IFRSs")

Amendments to IFRSs applied in the current year

In the current year, the Group has applied, for the first time, several amendments to Ifrss issued by the International Accounting Standards Board (the "IASB") that are effective for the Group's financial year beginning on 1 January 2017.

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

Amendments to IAS 7 Disclosure Initiative

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

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

A reconciliation between the opening and closing balances of these items is provided in note 43. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in note 43, the application of these amendments has had no impact on the Group's consolidated financial statements.

2. Application of New and Revised International Financial Reporting Standards ("IFRSs") (continued)

New and amendments to IFRSs issued but not yet effective

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

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

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

Except as disclosed below, the directors of the Company anticipate that application of the new and amendments to IFRSs will have no material impact to the Group's consolidated financial statements in the future.

2. Application of New and Revised International Financial Reporting Standards ("IFRSs") (continued)

New and amendments to IFRSs issued but not yet effective (continued)

IFRS 9 financial instruments

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

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

- all recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at 'fair value through other comprehensive income' (FVTOCI). All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

2. Application of New and Revised International Financial Reporting Standards ("IFRSs") (continued)

New and amendments to IFRSs issued but not yet effective (continued)

IFRS 9 financial instruments (continued)

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

Classification and measurement:

- Debt instruments classified as loan receivables carried at amortised cost as disclosed in notes 24 and 44(ii) respectively: these are held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding. Accordingly, these financial assets will continue to be subsequently measured at amortised cost upon the application of IFRS 9;

- Listed equity securities classified as available-for-sale investments carried at fair value as disclosed in note 19: these securities qualified for designation as measured at FVTOCI under IFRS 9, however, the fair value gains or losses accumulated in the investments revaluation reserve amounting to RMB470,274,000 as at 1 January 2018 will no longer be subsequently reclassified to profit or loss under IFRS 9, which is different from the current treatment. This will affect the amounts recognised in the Group's profit or loss and other comprehensive income but will not affect total comprehensive income;

- Equity securities classified as available-for-sale investments carried at cost less impairment as disclosed in note 19: these securities qualified for designation as measured at FVTOCI under IFRS 9 and the Group measured these securities at fair value at the end of subsequent reporting periods with fair value gains or losses to be recognised as other comprehensive income and accumulated in the investments revaluation reserve. Upon initial application of IFRS 9, there will be an fair value gain, net of corresponding increase in deferred tax, relating to these securities, the fair value gain would be adjusted to investments revaluation reserve as at 1 January 2018;

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

Impairment

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

Based on the assessment by the directors of the Company, if the expected credit loss model were to be applied by the Group, the accumulated amount of impairment loss to be recognised by Group as at 1 January 2018 would increase as compared to the accumulated amount recognised under IAS 39 mainly attributable to expected credit losses provision on trade and other receivables, amounts due from related parties, financial guarantee and deposits with financial institute. Such further impairment recognised under expected credit loss model would reduce the opening retained profits and increase the deferred tax assets at 1 January 2018.

2. Application of New and Revised International Financial Reporting Standards ("IFRSs") (continued)

New and amendments to IFRSs issued but not yet effective (continued)

IFRS 15 revenue from contracts with customers

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

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

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

Under IFRS 15, an entity 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. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

In 2016, the IASB issued clarifications to IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company have assessed that the performance obligations of property sales, hotel operations, property rental income and sales of construction materials, they are similar to the current identification of separate revenue components under IAS 18, and the timing of revenue recognition of each of these revenue are not expected to be materially affected.

The directors of the Company anticipate that the application of IFRS 15 in the future may result in more disclosures, however, the directors of the Company do not anticipate that the application of IFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

2. Application of New and Revised International Financial Reporting Standards ("IFRSs") (continued)

New and amendments to IFRSs issued but not yet effective (continued)

IFRS 16 leases

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

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

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use while other operating lease payments are presented as operating cash flows. Under the IFRS 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.

Under IAS 17, the Group has already recognised prepaid lease payments for leasehold lands where the Group is a lessee. The application of IFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned. In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

As at 31 December 2017, the Group has non-cancellable operating lease commitments of approximately RMB162,833,000 as disclosed in note 35. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will 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 upon the application of IFRS 16.

In addition, the Group currently considers refundable rental deposits and refundable rental deposits received as rights and obligations under leases to which IAS 17 applies. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use assets. Adjustments to refundable rental deposits received would be considered as advance lease payments.

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

2. Application of New and Revised International Financial Reporting Standards ("IFRSs") (continued)

New and amendments to IFRSs issued but not yet effective (continued)

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The interpretation requires an entity to determine whether uncertain tax positions are assessed separately or as a group; and assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings.

The directors of the Company are in the process of assessing the potential impact and preliminarily anticipate that the application of IFRIC 23 will not have a material impact on the Group's consolidated financial statements.

Amendments to IAS 40 Transfers of Investment Property

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

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

3. Principal Accounting Policies

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("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 financial instruments and investment properties, which are measured at fair values, 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 IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

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

3. Principal Accounting Policies (continued)

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

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

The principal accounting policies are set out below.

Basis of consolidation

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

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

The 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.

3. Principal Accounting Policies (continued)

Basis of consolidation (continued)

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 the Group gains control until the date when the Group ceases to control the subsidiary.

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

Changes in the group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing 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 and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3. Principal Accounting Policies (continued)

Business combinations

Acquisitions 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 liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 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 IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

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 amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net of the acquisition-date 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 may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. 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 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. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

3. Principal Accounting Policies (continued)

Acquisition of assets not constituting a business

When the Group acquires a subsidiary, a group of assets or net assets that does not constitute a business, the cost of the acquisition is allocated between the individual identifiable assets and liabilities in the group based on their relative fair values at the acquisition date. No goodwill will be recognised for acquisition of a subsidiary that is accounted for as acquisition of assets.

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 to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate and a joint venture is described below.

Investments in associates and joint ventures

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

3. Principal Accounting Policies (continued)

Investments in associates and joint ventures (continued)

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is 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 or 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 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 requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *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 IAS 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 control over a joint venture, its accounted for as a 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 is a financial asset within the scope of IAS 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 venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part 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.

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.

3. Principal Accounting Policies (continued)

Investments in associates and joint ventures (continued)

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 of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts received or receivable for goods sold and services provided in the normal course of business, net of discounts and sales-related taxes.

Revenue from sales of properties in the ordinary course of business is recognised when the respective properties have been completed and delivered to the buyers. Deposits received from pre-sales of properties are carried as pre-sale deposits.

Revenue from sales of other goods is recognised when the goods are delivered and title has passed.

Service income is recognised when services are provided.

Comprehensive service income is recognised on sales or pre-sales of properties by comprehensive service users at agreed fee rates.

3. Principal Accounting Policies (continued)

Revenue recognition (continued)

Dividend income from investments is recognised when the rights to receive payment have been established.

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

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

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the 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 that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined.

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

Borrowing costs

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

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

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

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 before taxation" as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. Principal Accounting Policies (continued)

Taxation (continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. 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 the initial recognition (other than in a business combination) of 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 rates (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.

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is 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.

3. Principal Accounting Policies (continued)

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. 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.

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. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The group as lessee

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

Leasehold land and buildings

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

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is 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 payments cannot be allocated reliably between the leasehold land and building elements, the entire property is generally classified as if the leasehold land is under finance lease.

3. Principal Accounting Policies (continued)

Retirement benefit costs

The Group participates in state-managed retirement benefit schemes, which are defined contribution schemes, pursuant to which the Group pays a fixed percentage of its qualifying staff's wages as contributions to the plans. Payments to such retirement benefit schemes are charged as an expense when employees have rendered service entitling them to the contributions.

Short-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 IFRS requires or permits the inclusion of the benefit in the cost of an asset.

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

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Property, plant and equipment

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

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

Property, plant and equipment 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 and, where appropriate, the amortisation of prepaid lease payments provided during the construction period. Such properties are classified to the appropriate category 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.

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.

3. Principal Accounting Policies (continued)

Investment properties

Investment properties are properties (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values 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 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 or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year in which the item is derecognised.

Impairment of tangible assets

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

When it is not possible to estimate the recoverable amount of an asset 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.

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

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior years. A reversal of an impairment loss is recognised as income immediately.

3. Principal Accounting Policies (continued)

Properties for development

Properties for development, representing leasehold land located in the PRC for development for future sale in the ordinary course of business, are stated at the lower of cost and net realisable value. Cost comprises the costs of land use rights and other directly attributable costs. Net realisable value represents the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. Properties for development are transferred to properties under development upon commencement of development.

Properties under development

Properties under development, representing leasehold land and buildings located in the PRC under development for future sale in the ordinary course of business, are stated at the lower of cost and net realisable value. Cost comprises the costs of land use rights, construction costs, borrowing costs capitalised and other direct development expenditure. Net realisable value represents the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. Properties under development are transferred to completed properties for sale upon completion of development.

Completed properties for sale

Completed properties for sale are stated at the lower of cost and net realisable value. Cost comprises the costs of land use rights, construction costs, borrowing costs capitalised and other direct development expenditure. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

The Group transfers a property from completed properties for sale 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.

Provisions

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

Inventories

Inventories other than properties for development, properties under development and completed properties for sale are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

3. Principal Accounting Policies (continued)

Financial instruments

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

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

Financial assets

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

Effective interest method

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

Interest income is recognised on an effective interest basis.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either (i) held for trading or (ii) it is designated as at FTVPL.

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.

3. Principal Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Financial assets at FVTPL (continued)

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Fair value is determined in the manner described in note 42(c).

Loans and receivables

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

Available-for-sale financial assets

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

Equity and debt securities held by the Group that are classified as available-for-sale and are traded in an active market are measured at fair value at the end of each reporting period except for unquoted equity investments whose fair value cannot be reliably measured. Changes in the carrying amount of available-for-sale debt instruments relating to interest income calculated using the effective interest method, and changes in foreign exchange rates, if applicable are recognised in profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

3. Principal Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Available-for-sale financial assets (continued)

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

Impairment of financial assets

Financial assets other than those 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 available-for-sale equity investments, a significant or prolonged decline in the fair value of that investment below cost is considered to be objective evidence of impairment.

For all 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 or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. 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 of 90 days, 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.

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

3. Principal Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

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

When an available-for-sale 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 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 available-for-sale equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income. In respect of available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity

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

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

The Group's financial liabilities are generally classified into financial liabilities at amortised cost.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash 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 liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

3. Principal Accounting Policies (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Financial liabilities at amortised cost

Financial liabilities at amortised cost including bank and other borrowings, trade and other payables, amounts due to related parties, liability portion of senior notes, corporate debt instruments and receipts under securitisation arrangements are subsequently measured at amortised cost, using the effective interest method.

Senior notes

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.

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

Transaction costs that relate to the issue of the senior notes are allocated to the liability and early redemption option components in proportion to their relative fair values. Transaction costs relating to the early redemption option are charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the senior notes using the effective interest method.

3. Principal Accounting Policies (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Corporate bonds

Corporate bonds issued by a subsidiary of the Group that contain both liability and written put option (which is closely related to the host contract) are not separated into host contract and embedded derivatives on initial recognition. At the date of issue, the corporate bonds are recognised at fair value.

In subsequent periods, the corporate bonds are carried at amortised cost using the effective interest method.

Transaction costs that relate to the issue of the corporate bonds are included in the carrying amount of the corporate bonds and amortised over the period of the corporate bonds using the effective interest method.

Receipts under securitisation arrangements

Receipts under securitisation arrangements are recognised initially at fair value, net of transaction costs incurred and are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period using the effective interest method.

Transaction costs are included in the carrying amount of the receipts under assets backed securitization and amortised over the period of the arrangements using the effective interest method.

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 Group are recognised at the proceeds received, net of direct issue costs.

Perpetual Securities

Perpetual Securities issued by the Group, which includes no contractual obligation for the Group to deliver cash or another financial asset to the holders or to exchange financial assets or financial liabilities with the holders under conditions that are potentially unfavorable to the Group, are classified as equity instruments and are initially recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

3. Principal Accounting Policies (continued)

Financial 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 original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of obligation under the contract, as determined in accordance with IAS 37 *provisions, Contingent Liabilities and Contingent Assets*; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the revenue recognition policy.

Derecognition

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 continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. 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, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises a financial liability 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.

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share option reserve). Share option premiums received or receivable from grantees are recognised in 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. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option reserve.

At the time when the share options are exercised, the amount previously recognised in share option 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 option reserve will continue to be held in share option reserve.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Critical judgements in applying accounting policies

The critical judgements, apart from those involving estimations (see below), that the directors have 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 are disclosed below.

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 portfolio 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 a result, the Group has recognised deferred taxes of both enterprise income tax and land appreciation tax on changes in fair value of investment properties.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the 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 are disclosed below.

Net realisable value for properties for development, properties under development and completed properties for sale

Properties for development, properties under development and completed properties remaining unsold at the end of each reporting period are stated at the lower of cost and net realisable value.

Net realisable value for properties for development and properties under development is determined by reference to management estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses and the anticipated costs to completion. Net realisable value for completed properties for sale is determined by reference to management estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses. During the course of their assessment, the management will also make reference to property valuations conducted by independent qualified professional valuers based on comparable market prices. The management are required to revise these estimates if there is a change in market condition or demand. If actual market conditions are less favourable than those projected by management, additional adjustments to the value of properties for development, properties under development and completed properties for sale may be required. As at 31 December 2017, the carrying amounts of properties for development, properties under development and completed properties for sale are RMB25,467,537,000 (2016: RMB14,289,403,000), RMB83,149,261,000 (2016: RMB61,485,671,000) and RMB20,650,760,000 (2016: RMB12,246,484,000) respectively (net of accumulated impairment losses of RMB nil (2016: RMB nil), RMB nil (2016: RMB nil) and RMB386,330,000 (2016: RMB110,282,000) respectively).

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

Key sources of estimation uncertainty (continued)

Fair value of investment properties

Investment properties are carried in the consolidated statement of financial position at 31 December 2017 at their fair value of approximately RMB2,716,396,000 (2016: RMB1,981,500,000).

The fair value was based on valuation on these properties conducted by the independent qualified professional valuers using property valuation techniques which adopt the investment approach by capitalising the net rental income derived from the existing tenancies with due provision for the reversionary income potential of the property interests, or where appropriate, by direct comparison approach by making reference to comparable sales transactions as available in the relevant markets. Favourable or unfavourable changes to the assumptions such as rental yield and estimation of future rentals would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.

Estimated impairment of trade and other receivables and amounts due from related parties

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows to determine impairment loss. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2017, the carrying amount of trade and other receivables and amounts due from related parties are RMB7,222,680,000 (2016: RMB4,699,345,000) and RMB28,346,684,000 (2016: RMB23,891,988,000) respectively (net of accumulated impairment loss of RMB230,644,000 (2016: RMB25,783,000) and RMB522,222,000 (2016: RMB400,604,000) respectively).

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the discounted future cash flow estimations are less than expected, a material impairment loss may arise. The carrying amount of goodwill at 31 December 2017 was RMB769,241,000 (2016: RMB769,241,000) (net of accumulated impairment loss of RMB nil (2016: RMB nil)). Details of the impairment loss calculation are set out in note 16.

Land appreciation tax

The provision for Land Appreciation Tax ("LAT") amounting to RMB3,463,172,000 (2016: RMB2,095,175,000) (included in income taxes payable) is estimated and made according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated. Accordingly, significant judgment is required in determining the amount of land appreciation and its related income tax provisions. The Group recognises land appreciation tax based on 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 local tax authorities.

Coupon rate of the corporate bonds

The corporate bonds amounting to RMB6,936,088,000 (2016: RMB6,916,290,000) contain coupon rate adjustment right that allow the issuer of the corporate bonds to adjust the coupon rates of the remaining outstanding bonds under certain terms and conditions. The corporate bonds also contain written put options granting the investors of the corporate bonds right to sell back the bonds that will be triggered with the exercise of the Coupon Rate Adjustment Right. As at the reporting date of the consolidated financial statements, the Group had no plan nor intention to exercise the Coupon Rate Adjustment Right of the corporate bonds, therefore the effective interest rate charged for the year on the corporate bonds was calculated according to the original coupon rates and maturity dates of the corporate bonds. If the Group decided to exercise the Coupon Rate Adjustment Right of the corporate bonds, the effective interest rate would be different because the coupon rates of any remaining outstanding corporate bonds would be adjusted and the corporate bonds would become immediately repayable. Details of the corporate bonds are set out in note 29.

5. Revenue and Segment Information

An analysis of the Group's revenue from its major products and services is as follows:

	2017 RMB'000	2016 RMB'000
Property sales	**37,936,017**	25,520,532
Hotel operations	**717,153**	652,022
Project management	**931,145**	813,523
Property rental income	**69,709**	139,028
Design and decoration	**2,090,621**	1,660,031
Sales of construction materials	**67,556**	27,239
Other business	**140,551**	163,228
	41,952,752	28,975,603

The chief operating decision-maker of the Group has been identified as the executive directors and certain senior management (collectively referred to as the "CODM"). Operating segments are determined based on the Group's internal reports which are submitted to the CODM for performance assessment and resources allocation. This is also the basis upon which the Group is organised and managed.

The Group's consolidated revenue and results are attributable to the market in the PRC (country of domicile) and almost all of the Group's consolidated assets are located in the PRC.

The Group's reportable segments under IFRS 8 are as follows:

1 Property development

2 Hotel operations

3 Property investment

4 Others (including sales of construction materials, design and decoration, project management, etc.)

5. Revenue and Segment Information (continued)

For the property development operations, the CODM reviews the financial information of each property development project, hence each property development project constitutes a separate operating segment. However, the property development projects possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all property development projects are aggregated into one reportable segment for segment reporting purposes.

For the hotel operations, the CODM reviews the financial information of each hotel, hence each hotel constitutes a separate operating segment. However, the hotels possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all hotels are aggregated into one reportable segment for segment reporting purposes.

For the property investment operations, the CODM reviews the financial information of each investment property, hence each investment property constitutes a separate operating segment. However, the investment properties possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all investment properties are aggregated into one reportable segment for segment reporting purposes.

The CODM assesses the performance of the operating segments based on the post-tax profit of the group entities engaged in the respective segment activities, which includes share of results of joint ventures and associates and related finance costs, but excludes fair value changes on cross currency swaps and certain administrative expenses, other income, finance costs and taxation. Financial information provided to the CODM is measured in a manner consistent with the accounting policies adopted in the preparation of the consolidated financial statements as described in note 3.

Sales between segments are carried out on terms agreed between the counterparties.

No customers account for 10% or more of the Group's revenue.

5. Revenue and Segment Information (continued)

An analysis of the Group's revenue and results by reportable segment is as follows:

	Property development RMB'000	**Hotel operations RMB'000**	**Property investment RMB'000**	**Others RMB'000**	**Segment total RMB'000**	**Eliminations RMB'000**	**Total RMB'000**
For the year ended 31 December 2017							
Segment revenue							
External revenue	**37,936,017**	**717,153**	**69,709**	**3,229,873**	**41,952,752**	**–**	**41,952,752**
Inter-segment revenue	**–**	**1,207**	**–**	**620,586**	**621,793**	**(621,793)**	**–**
Total	**37,936,017**	**718,360**	**69,709**	**3,850,459**	**42,574,545**	**(621,793)**	**41,952,752**
Segment results	**2,004,969**	**117,606**	**443,036**	**206,302**	**2,771,913**	**(2,176)**	**2,769,737**
Unallocated administrative expenses							**(90,936)**
Unallocated other income							**48,867**
Unallocated finance costs							**(4,822)**
Unallocated taxation							**(51,881)**
Profit for the year							**2,670,965**

	Property development RMB'000	Hotel operations RMB'000	Property investment RMB'000	Others RMB'000	Segment total RMB'000	Eliminations RMB'000	Total RMB'000
For the year ended 31 December 2016							
Segment revenue							
External revenue	25,520,532	652,022	139,028	2,664,021	28,975,603	–	28,975,603
Inter-segment revenue	–	802	–	211,731	212,533	(212,533)	–
Total	25,520,532	652,824	139,028	2,875,752	29,188,136	(212,533)	28,975,603
Segment results	1,885,856	95,395	65,783	287,024	2,334,058	(1,846)	2,332,212
Unallocated administrative expenses							(87,700)
Unallocated other income							18,790
Unallocated finance costs							(170)
Fair value changes on cross currency swaps							55,547
Unallocated taxation							(96,136)
Profit for the year							2,222,543

5. Revenue and Segment Information (continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment:

Segment assets

	2017 RMB'000	2016 RMB'000
Property development	216,864,883	155,218,642
Hotel operations	7,481,372	6,564,684
Property investment	3,446,170	2,011,811
Others	6,598,609	4,872,158
Total segment assets	234,391,034	168,667,295
Unallocated	1,437,212	1,128,334
Consolidated assets	235,828,246	169,795,629

Segment liabilities

	2017 RMB'000	2016 RMB'000
Property development	181,559,336	124,376,681
Hotel operations	533,160	386,069
Property investment	91,933	682,160
Others	5,974,123	4,419,841
Total segment liabilities	188,158,552	129,864,751
Unallocated	875,255	604,235
Consolidated liabilities	189,033,807	130,468,986

For the purposes of monitoring segment performances and allocating resources among segments:

- all assets are allocated to operating segments other than bank balances and cash, property, plant and equipment, available-for-sale investments, trade and other receivables, deposits and prepayments, prepaid income taxes, prepaid other taxes and amounts due from related parties pertaining to non-operating group entities.
- all liabilities are allocated to operating segments other than trade and other payables, amounts due to related parties, income taxes payable, other taxes payable and deferred tax liabilities pertaining to non-operating group entities.

5. Revenue and Segment Information (continued)

Other segment information
For the year ended 31 December 2017

	Property development RMB'000	Hotel operations RMB'000	Property investment RMB'000	Others RMB'000	Reportable segment total RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss or segment assets:							
Addition to non-current assets (note)	896,513	225,860	171,666	369,983	1,664,022	12,522	1,676,544
Interests in associates	7,349,227	–	–	428,157	7,777,384	–	7,777,384
Interests in joint ventures	1,888,486	–	–	8,981	1,897,467	–	1,897,467
Reversal of impairment losses on property, plant and equipment	–	(19,680)	–	–	(19,680)	–	(19,680)
Impairment losses on completed properties for sale	352,348	–	–	–	352,348	–	352,348
Provision (reversal) of impairment losses on trade and other receivables	200,245	–	–	(4,019)	196,226	20,000	216,226
Impairment losses on amounts due from an associate and a joint venture	431,099	–	–	–	431,099	–	431,099
Gain from changes in fair value of investment properties	–	–	(253,400)	–	(253,400)	–	(253,400)
Gain on re-measurement of an associate and a joint venture to acquisition date fair value in business combination achieved in stages	(1,620,517)	–	–	(3,018)	(1,623,535)	–	(1,623,535)
Gain on acquisition of subsidiaries	–	–	–	(13,806)	(13,806)	–	(13,806)
Net gain on disposal of subsidiaries	(1,240,939)	–	(375,805)	(3,021)	(1,619,765)	–	(1,619,765)
Other gains and losses	(44,098)	–	–	(77,600)	(121,698)	–	(121,698)
Depreciation of property, plant and equipment	126,099	170,691	184	22,235	319,209	1,970	321,179
Loss (gain) on disposal of property, plant and equipment	6,710	–	(122)	(978)	5,610	16	5,626
Interest income	(423,332)	(2,053)	(17)	(12,346)	(437,748)	(48,867)	(486,615)
Finance costs	1,442,853	686	11,977	16,333	1,471,849	4,822	1,476,671
Share of results of associates	(546,310)	–	–	(11,652)	(557,962)	–	(557,962)
Share of results of joint ventures	(355)	–	–	8,661	8,306	–	8,306
Taxation	3,320,469	5,430	224,334	117,689	3,667,922	51,881	3,719,803

5. Revenue and Segment Information (continued)

Other segment information (continued)

For the year ended 31 December 2016

	Property development RMB'000	Hotel operations RMB'000	Property investment RMB'000	Others RMB'000	Reportable segment total RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss or segment assets:							
Addition to non-current assets (note)	342,362	87,509	509	60,210	490,590	2,025	492,615
Interests in associates	7,105,857	–	–	–	7,105,857	–	7,105,857
Interests in joint ventures	3,058,370	–	–	–	3,058,370	–	3,058,370
Reversal of impairment losses on property, plant and equipment	–	(37,649)	–	–	(37,649)	–	(37,649)
Impairment losses on completed properties for sale	68,593	–	–	–	68,593	–	68,593
Impairment losses on trade and other receivables	–	–	–	25,783	25,783	–	25,783
Impairment losses on amounts due from a joint venture	81,787	–	–	–	81,787	–	81,787
Gain from changes in fair value of investment properties	–	–	(50,000)	–	(50,000)	–	(50,000)
Gain on re-measurement of associates to acquisition date fair value in business combination achieved in stages	(51,689)	–	–	–	(51,689)	–	(51,689)
Gain on acquisition of subsidiaries	(2,325)	–	–	–	(2,325)	–	(2,325)
Net gain on disposal of subsidiaries	(74,461)	–	–	–	(74,461)	–	(74,461)
Other gains and losses	(574,819)	–	–	–	(574,819)	–	(574,819)
Depreciation of property, plant and equipment	86,264	191,006	543	9,465	287,278	468	287,746
Loss (gain) on disposal of property, plant and equipment	(12,894)	–	–	(356)	(13,250)	214	(13,036)
Interest income	(734,183)	(77)	(97)	(8,656)	(743,013)	(18,790)	(761,803)
Finance costs	981,673	3,056	42,411	10,170	1,037,310	170	1,037,480
Share of results of associates	(1,255,767)	–	–	–	(1,255,767)	–	(1,255,767)
Share of results of joint ventures	(169,280)	–	–	–	(169,280)	–	(169,280)
Taxation	1,316,598	10,122	12,500	90,330	1,429,550	96,136	1,525,686

Note: Non-current assets mainly included property, plant and equipment, investment properties (excluding gain from changes in fair value of investment properties), prepaid lease payment, interests in joint ventures, interests in associates and rental paid in advance and excluded financial instruments, goodwill and deferred tax assets.

For the year ended 31 December 2017

6. Other Income

	2017 RMB'000	2016 RMB'000
Interest income	**486,615**	761,803
Government grants (note)	**6,704**	23,819
Comprehensive service income	**48,513**	48,198
Dividends from available-for-sale investments	**18,052**	24,000
Net foreign exchange gains	**511,187**	–
Others	**152,018**	119,580
	1,223,089	977,400

Note: These grants are unconditional and accounted for as immediate financial support with neither future related costs expected to be incurred nor related to any assets.

7. Other Gains and Losses

	2017 RMB'000	2016 RMB'000
Gain on fair value of acquisition of associates and a joint venture in stages	**78,956**	–
Gain on acquisition of associates	**36,337**	–
Gain on disposal of associates	**6,405**	575,455
Loss on disposal of joint ventures	**–**	(636)
	121,698	574,819

8. Finance Costs

	2017 RMB'000	2016 RMB'000
Interest on bank and other borrowings	**2,630,914**	2,546,965
Interest on senior notes (note 28)	**366,084**	568,782
Interest on corporate debt instruments (note 29)	**680,681**	352,148
Interest on receipts under securitisation arrangements (note 30)	**40,074**	–
	3,717,753	3,467,895
Less: capitalised in properties under development and construction in progress	**(2,241,082)**	(2,430,415)
	1,476,671	1,037,480

Borrowing costs capitalised during the year arose on the specific loan and general borrowing pool and are calculated by applying a capitalisation rate of 5.4% (2016: 5.9%) per annum to expenditure on the development of properties for sale and for own use.

For the year ended 31 December 2017

9. Profit Before Taxation

	2017 RMB'000	2016 RMB'000
Profit before taxation has been arrived at after charging (crediting):		
Salaries and other benefits	2,515,126	1,877,911
Retirement benefits scheme contributions	88,747	76,535
Equity-settled share option expenses	1,778	–
Staff costs (including directors' emoluments)	2,605,651	1,954,446
Less: Capitalised in properties under development	(674,301)	(489,127)
	1,931,350	1,465,319
Depreciation of property, plant and equipment	321,179	287,746
Less: Capitalised in properties under development	(4,590)	(6,548)
	316,589	281,198
Amortisation of prepaid lease payment (included in administrative expenses)	25,733	17,106
Auditors' remuneration	17,315	16,731
Cost of properties and inventories recognised as an expense	33,564,920	22,692,302
Net loss on disposal of property, plant and equipment (included in administrative expenses)	5,626	13,036

10. Directors', Chief Executive's and Employees' Emoluments

The emoluments paid or payable to each of the 11 (2016: 12) directors and the chief executive of the Company were as follows:

	SONG Weiping RMB'000	LIU Wensheng RMB'000	SHOU Bainian RMB'000	SUN Guoqiang RMB'000	CAO Zhounan RMB'000	LI Qing'an RMB'000	LI Yongqian RMB'000	2017 Total RMB'000
Executive directors								
Fees	–	–	–	–	–	–	–	–
Other emoluments:								
Salaries and other benefits	5,000	1,200	1,200	1,200	4,500	1,500	1,500	16,100
Contributions to retirement benefits/pension schemes	86	–	–	–	75	105	105	371
Performance relate incentive payments (note)	4,990	–	2,760	–	4,500	4,000	4,000	20,250
Equity-settled share option expense	179	162	–	–	167	143	125	776
Sub-total	10,255	1,362	3,960	1,200	9,242	5,748	5,730	37,497

10. Directors', Chief Executive's and Employees' Emoluments (continued)

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.

	JIA Shenghua RMB'000	SZE Tsai Ping, Michael RMB'000	KE Huanzhang RMB'000	HUI Wan Fai RMB'000	2017 Total RMB'000
Independent non-executive directors					
Fees	320	320	320	320	1,280
Other emoluments:	–	–	–	–	–
Salaries and other benefits	–	–	–	–	–
Contributions to retirement benefits/pension schemes	–	–	–	–	–
Performance relate incentive payments (note)	–	–	–	–	–
Sub-total	320	320	320	320	1,280

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

	2017 RMB'000
Total	38,777

	SONG Weiping RMB'000	LIU Wensheng[1] RMB'000	SHOU Bainian RMB'000	SUN Guoqiang RMB'000	CAO Zhounan RMB'000	LI Qing'an RMB'000	LI Yongqian[2] RMB'000	ZHU Bixin[3] RMB'000	2016 Total RMB'000
Executive directors									
Fees	–	–	–	–	–	–	–	–	–
Other emoluments:									
Salaries and other benefits	5,000	1,161	1,200	1,200	4,500	1,500	1,500	48	16,109
Contributions to retirement benefits/pension schemes	85	–	–	–	72	86	86	–	329
Performance relate incentive payments (note)	4,990	–	3,300	–	4,500	4,000	4,000	–	20,790
Sub-total	10,075	1,161	4,500	1,200	9,072	5,586	5,586	48	37,228

10. Directors', Chief Executive's and Employees' Emoluments (continued)

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.

	JIA Shenghua RMB'000	SZE Tsai Ping, Michael RMB'000	KE Huanzhang RMB'000	HUI Wan Fai RMB'000	2016 Total RMB'000
Independent non-executive directors					
Fees	260	260	260	260	1,040
Other emoluments:					
Salaries and other benefits	–	–	–	–	–
Contributions to retirement benefits/pension schemes	–	–	–	–	–
Performance relate incentive payments (note)	–	–	–	–	–
Sub-total	260	260	260	260	1,040

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

	2016 RMB'000
Total	38,268

1 Mr. LIU Wensheng was appointed as an executive director on 15 January 2016.

2 Mr. LI Yongqian was appointed as an executive director on 15 January 2016.

3 Mr. ZHU Bixin was resigned as an executive director and ceased to be a member of the nomination committee of the Company on 15 January 2016.

Mr CAO Zhounan is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

Note: The performance related incentive payments is determined as a percentage of the results of the Group for both years.

No directors waived any emoluments in both years.

Of the five individuals with the highest emoluments in the Group, all of them (2016: five) were directors of the Company whose emoluments are included in the disclosure above.

10. Directors', Chief Executive's and Employees' Emoluments (continued)

The individuals' emoluments were within the following bands:

	2017 No. of directors	2016 No. of directors
HKD4,500,001 to HKD5,000,000	**1**	–
HKD5,000,001 to HKD5,500,000	**–**	1
HKD6,000,001 to HKD6,500,000	**–**	2
HKD6,500,001 to HKD7,000,000	**2**	–
HKD10,000,001 to HKD10,500,000	**–**	1
HKD10,500,001 to HKD11,000,000	**1**	–
HKD11,500,001 to HKD12,000,000	**1**	1

During the year, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2016: nil).

11. Taxation

	2017 RMB'000	2016 RMB'000
Current tax:		
PRC enterprise income tax	**2,770,357**	1,086,509
LAT	**2,149,611**	430,531
	4,919,968	1,517,040
Under-provision in prior years:		
PRC enterprise income tax	**28,426**	788
Deferred tax:		
Current year (Note)	**(1,228,591)**	7,858
	3,719,803	1,525,686

Note: The deferred tax current year is mainly due to the fair value adjustment which arises from the acquisition of subsidiaries.

No provision for income tax has been made for the Company and group entities incorporated in Hong Kong as they have no assessable profits derived from Hong Kong.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

In addition, the EIT Law provides that qualified dividend income between two "resident enterprises" that have a direct investment relationship is exempted from income tax. Otherwise, such dividends will be subject to a 5% or 10% withholding tax under the EIT Law. A 10% withholding tax rate is applicable to the Group.

11. Taxation (continued)

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

	2017 RMB'000	2016 RMB'000
Profit before taxation	**6,390,768**	3,748,229
Tax at the applicable PRC enterprise income tax rate of 25%	**1,597,692**	937,057
Effect of different tax rates	**(162,364)**	(43,448)
Tax effect of share of results of associates	**(139,490)**	(313,942)
Tax effect of share of results of joint ventures	**2,077**	(42,320)
Tax effect of income not taxable for tax purposes	**(430,136)**	(46,576)
Tax effect of expenses not deductible for tax purposes	**772,116**	495,718
Under-provision in respect of prior year	**28,426**	788
Tax effect of deductible temporary differences not recognised	**62,903**	1,503
Tax effect of tax losses not recognised	**366,646**	178,358
Recognition of deferred tax assets on tax losses previously not recognised	**–**	(2,326)
Utilisation of tax losses previously not recognised	**(73,830)**	(21,366)
LAT provision for the year	**2,149,611**	430,531
Tax effect of LAT	**(537,403)**	(107,633)
Tax effect of undistributed profits	**83,555**	59,342
Tax charge for the year	**3,719,803**	1,525,686

Details of deferred taxation for the year ended 31 December 2017 are set out in note 21.

PRC LAT

According to the requirements of the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例) effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例實施細則) effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for property sales of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items.

According to the Notices for the Strengthening of Administration on LAT (關於加強土地增值稅管理工作的通知), the Group is required to pre-pay LAT on pre-sale proceeds at 0.5% – 3% for ordinary residential properties and 1% – 6% for other properties.

For the year ended 31 December 2017, the Group estimated and made a provision for LAT in the amount of RMB2,149,611,000 (2016: RMB430,531,000), according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

12. Dividends

On 31 July 2017, a final dividend for 2016 of RMB0.12 per ordinary share, or RMB259,583,000 in total, was paid to the shareholders.

A final dividend of RMB0.20 per ordinary share (2016: RMB0.12 per ordinary share) for the year ended 31 December 2017 has been proposed by the directors and is subject to approval by the shareholders at the forthcoming annual general meeting.

13. 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:

Earnings

	2017 RMB'000	2016 RMB'000
Profit for the year attributable to the owners of the Company	**2,189,598**	1,917,096
Distribution related to perpetual securities	**(527,144)**	(404,051)
Earnings for the purpose of basic earnings per share	**1,662,454**	1,513,045
Earnings for the purpose of diluted earnings per share	**1,662,454**	1,513,045

Number of shares

	2017	2016
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,164,326,605**	2,162,698,548
Effect of dilutive potential ordinary shares:		
Share options	**4,789,104**	4,175,486
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,169,115,709**	2,166,874,034

The computation of 2017 and 2016 diluted earnings per share does not assume the exercise of some of the share options because the exercise price of these share options was higher than the average market price for shares for the year.

14. Property, Plant and Equipment

	Hotel buildings RMB'000	Leasehold land and buildings RMB'000	Leasehold improvements RMB'000	Machinery RMB'000	Furniture, fixtures and equipment RMB'000	Transportation equipment RMB'000	Construction in progress RMB'000	Total RMB'000
COST								
At 1 January 2016	5,851,000	289,313	95,757	24,681	427,995	344,196	803,624	7,836,566
Additions	–	–	12,788	3,698	55,733	31,677	230,761	334,657
Transfer	–	143,252	–	–	–	–	(143,252)	–
Disposals	–	(9,686)	(4,427)	(3,621)	(31,925)	(40,432)	–	(90,091)
Acquisition of subsidiaries (note 33)	–	–	–	2,022	–	1,713	4,170	7,905
Disposal of subsidiaries	–	(28,248)	–	–	(1,188)	(27,503)	–	(56,939)
At 31 December 2016	5,851,000	394,631	104,118	26,780	450,615	309,651	895,303	8,032,098
Additions	–	17,283	38,488	5,784	77,827	33,508	359,164	532,054
Transfer from properties under development	–	–	–	–	–	–	1,120,724	1,120,724
Transfer	865,284	657,323	–	–	–	–	(1,522,607)	–
Disposals	–	(15,998)	(2,653)	(263)	(18,554)	(83,903)	–	(121,371)
Acquisition of subsidiaries (note 33)	–	1,335	3,210	4,252	15,187	3,829	–	27,813
Reclassification to held for sale (note 25)	(232,605)	–	–	(1,937)	(6,729)	(4,580)	–	(245,851)
Disposal of subsidiaries (note 34)	–	–	–	–	(38,613)	(5,233)	–	(43,846)
At 31 December 2017	**6,483,679**	**1,054,574**	**143,163**	**34,616**	**479,733**	**253,272**	**852,584**	**9,301,621**
DEPRECIATION AND IMPAIRMENT								
At 1 January 2016	(673,635)	(87,543)	(71,018)	(22,079)	(246,615)	(223,410)	–	(1,324,300)
Provided for the year	(165,400)	(29,039)	(8,484)	(6,257)	(42,491)	(36,075)	–	(287,746)
Eliminated on disposals	–	2,645	2,366	2,662	21,545	35,579	–	64,797
Eliminated on disposal of subsidiaries	–	17,649	–	–	575	5,913	–	24,137
Reversal of impairment losses on property, plant and equipment	37,649	–	–	–	–	–	–	37,649
At 31 December 2016	(801,386)	(96,288)	(77,136)	(25,674)	(266,986)	(217,993)	–	(1,485,463)
Provided for the year	(170,719)	(42,684)	(25,103)	(6,630)	(46,314)	(29,729)	–	(321,179)
Eliminated on disposals	–	3,854	2,653	232	17,303	67,719	–	91,761
Reclassification to held for sale (note 25)	57,337	–	–	1,427	5,643	3,433	–	67,840
Eliminated on disposal of subsidiaries (note 34)	–	–	–	–	34,102	4,897	–	38,999
Reversal of impairment losses on property, plant and equipment	19,680	–	–	–	–	–	–	19,680
At 31 December 2017	**(895,088)**	**(135,118)**	**(99,586)**	**(30,645)**	**(256,252)**	**(171,673)**	**–**	**(1,588,362)**
CARRYING VALUES								
At 31 December 2017	**5,588,591**	**919,456**	**43,577**	**3,971**	**223,481**	**81,599**	**852,584**	**7,713,259**
At 31 December 2016	5,049,614	298,343	26,982	1,106	183,629	91,658	895,303	6,546,635

14. Property, Plant and Equipment (continued)

The above items of property, plant and equipment other than construction in progress are depreciated on a straight-line basis, taking into account their residual value, at the following rates per annum:

Hotel buildings	Over the shorter of the term of the land use rights or 40 years
Leasehold land and buildings	Over the shorter of the term of the land use rights or 20 years
Leasehold improvements	Over the shorter of the lease term or five years
Machinery	10% to $33\frac{1}{3}\%$
Furniture, fixtures and equipment	10% to $33\frac{1}{3}\%$
Transportation equipment	10% to 20%

Details of the hotel buildings, leasehold land and buildings and construction in progress pledged to secure banking facilities granted to the Group are disclosed in note 38.

In view of the improving performance of the hotel operations, the Group engaged DTZ Cushman & Wakefield Limited to update their review of the Group's hotel buildings as at 31 December 2017 and as a result an impairment loss of RMB19,680,000 (as at 31 December 2016: RMB37,649,000) of hotel buildings was reversed during the year in respect of hotel buildings based on their 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 for which the estimates of future cash flows have not been adjusted. The discount rate used in measuring value in use was 9% (2016: 9%).

15. Investment Properties

	RMB'000
FAIR VALUE	
At 1 January 2016	1,931,500
Unrealised gain on property revaluation included in profit or loss	50,000
At 31 December 2016	1,981,500
Additions	171,666
Transfer from completed properties for sale	2,259,830
Disposal of a subsidiary (note 34)	(1,950,000)
Unrealised gain on property revaluation included in profit or loss	253,400
At 31 December 2017	2,716,396

During the year, the Group disposed of its entire 100% equity interest in Litao (Hangzhou) Construction Design Company Limited ("Hangzhou Litao"), which indirectly held an investment property of serviced apartments in Beijing amounted to RMB1,950,000,000, to an independent third party. For details please refer to note 34.

During the year, the Group changed the propose of office buildings in Zhuji, Dalian and Qingdao from holding for sale in the course of ordinary business to holding to earn rentals, accordingly the Group transferred the classification of the office building from completed properties for sale to investment properties amounting to RMB2,259,830,000 in total.

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair value of the Group's investment properties at 31 December 2017 and 2016 has been arrived at on the basis of a valuation carried out on that date by DTZ Cushman & Wakefield Limited.

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

15. Investment Properties (continued)

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Level 3) based on the degree to which the inputs to the fair value measurements is observable.

Carrying value of investment properties held by the Group in the consolidated statement of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Commercial property in Hangzhou RMB31,500,000 (2016: RMB31,500,000)	Level 3	Investment approach The Key inputs are: 1. Reversionary yield; and	Reversionary yield, taking into account annual rental income potential and unit market value of the comparable properties, of 6.5% (2016: 6.5%).	The higher the reversionary yield, the lower the fair value.
		2. Market unit rent.	Market unit rent, using direct market comparables and taking into account of similar character, location and sizes.	The higher the market unit rent, the higher the fair value.
Commercial property in Zhuji RMB1,204,980,000	Level 3	Investment approach The Key inputs are: 1. Reversionary yield; and	Reversionary yield, taking into account annual rental income potential and unit market value of the comparable properties, of 5%.	The higher the reversionary yield, the lower the fair value.
		2. Market unit rent.	Market unit rent, using direct market comparables and taking into account of similar character, location and sizes.	The higher the market unit rent, the higher the fair value.

15. Investment Properties (continued)

Carrying value of investment properties held by the Group in the consolidated statement of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Commercial property in Dalian RMB940,000,000	Level 3	Investment approach The Key inputs are: 1. Reversionary yield; and 2. Market unit rent.	Reversionary yield, taking into account annual rental income potential and unit market value of the comparable properties, of 6.5%. Market unit rent, using direct market comparables and taking into account of similar character, location and sizes.	The higher the reversionary yield, the lower the fair value. The higher the market unit rent, the higher the fair value.
Commercial property in Qingdao RMB367,063,000	Level 3	Investment approach The Key inputs are: 1. Reversionary yield; and 2. Market unit rent.	Reversionary yield, taking into account annual rental income potential and unit market value of the comparable properties, of 6%. Market unit rent, using direct market comparables and taking into account of similar character, location and sizes.	The higher the reversionary yield, the lower the fair value. The higher the market unit rent, the higher the fair value.
Commercial property in Hangzhou RMB147,143,000	Level 3	Investment approach The Key inputs are: 1. Reversionary yield; and 2. Market unit rent.	Reversionary yield, taking into account annual rental income potential and unit market value of the comparable properties, of 6%. Market unit rent, using direct market comparables and taking into account of similar character, location and sizes.	The higher the reversionary yield, the lower the fair value. The higher the market unit rent, the higher the fair value.

15. Investment Properties (continued)

Carrying value of investment properties held by the Group in the consolidated statement of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Commercial property and carpark units in Shengzhou RMB25,710,000	Level 3	Direct comparison approach The Key inputs are: Market observable transactions adjusted to reflect the locations and conditions of the subject property.	For commercial property: Price per square meter, using market direct comparable and taking into account of location, age and other individual factors which is RMB20,500 per square meter For carpark units: Price per unit, which is RMB118,400 per unit.	The higher the price per square meter, the higher the fair value. The higher the price per unit, the higher the fair value.
Serviced apartments in Beijing RMB nil (2016: RMB1,950,000,000)	Level 3	Investment approach The Key inputs are: 1. Reversionary yield; and 2. Market unit rent.	Reversionary yield in 2016, taking into account the annual rental income potential and unit market value of the comparable properties, of 7.5% for serviced apartments and 8.0% for auxiliary retail area. Market unit rent, using direct market comparables and taking into account of similar character, location and sizes.	The higher the reversionary yield, the lower the fair value. The higher the market unit rent, the higher the fair value.

Significant increases/(decreases) in the reversionary yield in isolation would result in a significantly lower/(higher) fair value of the investment properties. There is no indication that any slight increases/(decreases) in market unit rent in isolation would result in a significantly higher/(lower) fair value of the investment properties.

There were no transfer into or out of Level 3 during both years.

16. Goodwill

Cost

	2017 **RMB'000**	2016 RMB'000
At 1 January and at 31 December	**769,241**	769,241

The goodwill held by the Group as at 31 December 2017 arose on the acquisition of subsidiaries Greentown Shidai City Construction & Development Co., Ltd. ("Greentown Shidai"); and Greentown Real Estate Project Management Group Co., Ltd. ("Greentown Project Management Group") (the former name "Greentown Dingyi Real Estate Investment Management Group Co., Ltd.") in 2015. The detailed information is disclosed in the Group's 2015 consolidated financial statements.

Goodwill arose in the acquisition of Greentown Shidai and Greentown Project Management Group because the consideration paid for the acquisition effectively included the benefit of expected synergies, revenue growth and future market development of Greentown Shidai and Greentown Project Management Group. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Impairment test on goodwill

For the purposes of impairment testing, goodwill set out above has been allocated to one cash generating unit (CGU). During the year ended 31 December 2017, the director considered that there is no impairment of CGU containing goodwill.

The basis of recoverable amount of the CGU and its major underlying assumptions is summarised below:

The recoverable amount of the CGU has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and discount rate of 12.5% (2016: 12.5%). Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and director's expectations for the market development. The directors believe that any reasonably possible change in any of these assumptions would not cause the construction operations carrying amount to exceed its recoverable amount.

17. Interests in Associates

	2017 **RMB'000**	2016 RMB'000
Cost of unlisted investments in associates	**6,491,250**	5,790,909
Share of post-acquisition profits, net of dividends received	**1,286,134**	1,314,948
	7,777,384	7,105,857

No associate was individually material to the Group for the year.

17. Interests in Associates (continued)

As at 31 December 2017 and 2016, the Group had interests in the following principal associates established and operating in the PRC:

Name of associates	Registered capital	Proportion of ownership interest/voting rights held by the Group		Principal activities
		2017	2016	
穎澤投資有限公司 Green Magic Investments Limited ("Green Magic")	HKD1,500,000,000	**40%** **(i)**	40% (i)	Investment holding
大連九龍倉綠城置業有限公司 Dalian Wharf Greentown Real Estate Co., Ltd. ("Dalian Wharf Greentown")	USD225,040,000	**40%** **(i)**	40% (i)	Real estate development
杭州濱綠房地產開發有限公司 Hangzhou Binlv Real Estate Development Co., Ltd. ("Hangzhou Binlv")	RMB60,000,000	**50%** **(ii)**	50% (ii)	Real estate development
上海浙鐵綠城房地產開發有限公司 Shanghai Zhetie Greentown Real Estate Development Co., Ltd.	RMB50,000,000	**38%**	38%	Real estate development
寧波都市房產開發有限公司 Ningbo Dushi Real Estate Development Co., Ltd.	USD200,000,000	**49%**	49%	Real estate development
杭州余杭綠城九洲房地產開發有限公司 Hangzhou Yuhang Greentown Jiuzhou Real Estate Development Co., Ltd.	RMB85,000,000	**35%**	35%	Real estate development

17. Interests in Associates (continued)

Name of associates	Registered capital	Proportion of ownership interest/voting rights held by the Group		Principal activities
		2017	2016	
杭州翡翠城房地產開發有限公司 Hangzhou Hope Town Real Estate Development Co., Ltd.	RMB50,000,000	**45%**	45%	Real estate development
紹興金綠泉置業有限公司 Shaoxing Jinlvquan Real Estate Co., Ltd.	RMB580,000,000	**35%**	35%	Real estate development
濟南海爾綠城置業有限公司 Jinan Haier Greentown Real Estate Co., Ltd.	RMB200,000,000	**45%**	45%	Real estate development
台州浙能綠城置業有限公司 Taizhou Zheneng Greentown Real Estate Co., Ltd.	RMB300,000,000	**49%**	49%	Real estate development
杭州浙能綠城置業有限公司 Hangzhou Zheneng Greentown Real Estate Co., Ltd.	RMB300,000,000	**49%**	49%	Real estate development
浙江鐵建綠城房地產開發有限公司 Zhejiang Tiejian Greentown Real Estate Development Co., Ltd.	RMB100,000,000	**38%**	38%	Real estate development
杭州百大置業有限公司 Hangzhou Baida Real Estate Co., Ltd.	RMB1,965,500,000	**30%**	30%	Real estate development
杭州賽麗綠城申花置業有限公司 Hangzhou Saili Greentown Shenhua Real Estate Co., Ltd.	RMB100,000,000	**25%**	25%	Real estate development
杭州紫元綠西房地產有限公司 Hangzhou Ziyuan Lvxi Real Estate Co., Ltd.	RMB100,000,000	**33%**	33%	Real estate development
北京東部綠城置業有限公司 Beijing Eastern Greentown Real Estate Co., Ltd.	RMB50,000,000	**49%**	49%	Real estate development

17. Interests in Associates (continued)

Name of associates	Registered capital	Proportion of ownership interest/voting rights held by the Group 2017	2016	Principal activities
杭州海航綠城置業有限公司 Hangzhou Haihang Greentown Real Estate Co., Ltd.	RMB1,860,180,000	**40%**	40%	Real estate development
杭州綠城金久房地產開發有限公司 Hangzhou Greentown Jinjiu Real Estate Development Co., Ltd.	RMB20,000,000	**40%**	40%	Real estate development
大冶有色綠城房地產開發有限公司 Daye Youse Greentown Real Estate Development Co., Ltd.	RMB160,000,000	**30%**	30%	Real estate development
山東高速綠城萊蕪雪野湖開發有限公司 Shandong Gaosu Greentown Laiwu Xueyehu Development Co., Ltd.	RMB50,000,000	**49%**	49%	Real estate development
山東財富縱橫置業有限公司 Shandong Caifu Zongheng Real Estate Co., Ltd.	RMB50,000,000	**39%**	39%	Real estate development
信陽市萬恒置業有限公司 Xinyang Wanheng Real Estate Co., Ltd.	RMB50,000,000	**20%**	20%	Real estate development
青島綠城華景置業有限公司 Qingdao Greentown Huajing Real Estate Co., Ltd	RMB2,000,000,000	**40%**	40%	Real estate development
義烏浙鐵綠城房地產開發有限公司 Yiwu Zhetie Greentown Real Estate Development Co., Ltd.	RMB200,000,000	**35%**	35%	Real estate development
杭州綠城墅園置業有限公司 Hangzhou Greentown Shuyuan Real Estate Co., Ltd.	RMB10,000,000	**30%**	30%	Real estate development

17. Interests in Associates (continued)

Name of associates	Registered capital	Proportion of ownership interest/voting rights held by the Group 2017	2016	Principal activities
杭州地鐵武林置業有限公司 Hangzhou Metro Wulin Real Estate	RMB20,000,000	**45%**	45%	Real estate development
杭州安景置業有限公司 Hangzhou Anjing Real Estate	RMB100,000,000	**25%**	25%	Real estate development
網築集團有限公司 WZ Group Limited	USD50,000	**23% (iii)**	6%	Online Retailers
浙江西子綠城房地產集團有限公司 Zhejiang Xizi Lvcheng Real Estate Group Co., Ltd. ("Zhejiang Xizi Greentown")	RMB100,000,000	**40% (iv)**	8%	Real estate development
杭州龍昊房地產開發有限公司 Hangzhou Longhao Real Estate Co., Ltd. ("Hangzhou Longhao")	RMB1,500,000,000	**23% (v)**	–	Real estate development
杭州綠城望溪房地產開發有限公司 Hangzhou Greentown Wangxi Real Estate Co., Ltd. ("Hangzhou Greentown Wangxi")	RMB600,000,000	**20% (vi)**	–	Real estate development
杭州綠城桂溪房地產開發有限公司 Hangzhou Greentown Wangxi Real Estate Co., Ltd. ("Hangzhou Greentown Guixi")	RMB600,000,000	**20% (vi)**	–	Real estate development
浙江中青旅綠城投資置業有限公司 Zhejiang Zhongqinglv Greentown Real Estate Investment Co., Ltd. ("Zhejiang Zhongqinglv")	RMB200,000,000	**49%**	49% (vii)	Investment holding and consulting
慈溪綠城投資置業有限公司 Cixi Greentown Real Estate Investment Co., Ltd. ("Cixi Greentown")	RMB98,000,000	**– (viii)**	49% (vii)	Real estate development
上海青蓮房地產開發有限公司 Shanghai Qinglian Real Estate Development Co., Ltd. ("Shanghai Qinglian")	RMB50,000,000	**– (ix)**	20%	Real estate development

17. Interests in Associates (continued)

The above table lists the associates of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

Notes:

(i) Dalian Wharf Greentown is a subsidiary of Green Magic.

(ii) Only two out of five directors of Hangzhou Binlv are appointed by the Group, while a valid board resolution requires half of the total votes. The Group thus does not have the power to control or jointly control Hangzhou Binlv. Therefore, Hangzhou Binlv is accounted for as an associate of the Group.

(iii) In 2017, Eternity Wealth Investments Limited ("Eternity Wealth"), a wholly-owned subsidiary of the Company, entered into a framework agreement to acquire additional 21,799,207 ordinary shares in WZ Group, an online retailers company, for a total cash consideration of approximately RMB284,698,000. The Group held 23% equity of WZ Group after the equity acquisition, thus WZ Group became an associate of the Group. The Group previously held 6,000,000 ordinary shares in WZ Group, equivalent to 6% equity interest, and classified the investments as available-for-sale investments measured at cost.

(iv) In 2017, Greentown Real Estate Group Co., Ltd. ("Greentown Real Estate"), a wholly-owned subsidiary of the Company, entered into a framework agreement to acquire additional 32% equity interest in Zhejiang Xizi Greentown from independent third parties, for a total cash consideration of approximately RMB46,824,000. The Group held 40% equity of Zhejiang Xizi Greentown after the equity acquisition, thus Zhejiang Xizi Greentown became an associate of the Group. The Group previously held 8% equity interest in Zhejiang Xizi Greentown and classified the investments as available-for-sale investments measured at cost.

(v) In 2017, Zhejiang LvJiu Real Estate Co., Ltd. ("Zhejiang LvJiu"), a 50%-owned subsidiary of the Company, entered into a framework agreement to acquire 45% equity interest in Hangzhou Longhao from an independent third party, for a total cash consideration of RMB675,000,000.

(vi) These companies were newly established in 2017.

(vii) Cixi Greentown was a subsidiary of Zhejiang Zhongqinglv.

(viii) Cixi Greentown was liquidated in 2017.

(ix) Shanghai Qinglian was disposed to an independent third party for a total cash consideration of approximately RMB30,183,000 in 2017.

17. Interests in Associates (continued)

Aggregate information of associates that are not individually material:

	2017 RMB'000	2016 RMB'000
Group's share of total profit for the year	**557,962**	1,255,767
Aggregate carrying amount of the Group's interests in these associates	**7,777,384**	7,105,857

The Group has discontinued recognition of its share of losses of certain associates as its share of losses of those associates equals or exceeds its interests in those associates. The amounts of unrecognised share of losses of these associates, both for the year and cumulatively, are as follows:

	2017 RMB'000	2016 RMB'000
Unrecognised share of losses of associates for the year	**138,563**	65,604
Accumulated unrecognised share of losses of associates	**291,533**	152,970

18. Interests in Joint Ventures

	2017 RMB'000	2016 RMB'000
Cost of unlisted investments in joint ventures	**1,760,576**	2,884,657
Share of post-acquisition profits, net of dividends received	**136,891**	173,713
	1,897,467	3,058,370

18. Interests in Joint Ventures (continued)

As at 31 December 2017 and 2016, the Group had interests in the following principal joint ventures established and operating in the PRC:

Name of joint ventures	Registered capital	Proportion of ownership interest/voting rights held by the Group 2017	2016	Principal activities
浙江鐵投綠城投資有限公司 Zhejiang Tietou Greentown Investment Co., Ltd. ("Zhejiang Tietou Greentown Investment")	RMB80,000,000	**50%** **(i)**	50% (i)	Investment holding
浙江鐵投綠城房地產開發有限公司 Zhejiang Tietou Greentown Real Estate Development Co., Ltd. ("Zhejiang Tietou Greentown Real Estate")	RMB80,000,000	**50%** **(i)**	50% (i)	Real estate development
盈高有限公司 Profit Pointer Limited	HKD10,000	**50%** **(ii)**	50% (ii)	Investment holding
瀋陽全運村建設有限公司 Shenyang National Games Village Construction Co., Ltd. ("Shenyang National Games Village")	USD290,000,000	**50%** **(ii)**	50% (ii)	Real estate development
紹興綠城寶業房地產開發有限公司 Shaoxing Greentown Baoye Real Estate Co., Ltd. ("Shaoxing Greentown Baoye")	RMB100,000,000	**51%** **(iii)**	51% (iii)	Real estate development
山東東城置業有限公司 Shandong Dongcheng Real Estate Co., Ltd. ("Shandong Dongcheng")	RMB200,000,000	**49%** **(iv)**	49% (iv)	Real estate development
余姚綠城房地產開發有限公司 Yuyao Greentown Real Estate Development Co., Ltd. ("Yuyao Greentown")	RMB99,000,000	**47%** **(v)**	47% (v)	Real estate development
舟山綠城海盛置業發展有限公司 Zhoushan Greentown Haisheng Real Estate Co., Ltd. ("Zhoushan Greentown Haisheng")	RMB100,000,000	**51%** **(vi)**	51% (vi)	Real estate development

18. Interests in Joint Ventures (continued)

Name of joint ventures	Registered capital	Proportion of ownership interest/voting rights held by the Group		Principal activities
		2017	2016	
嵊州綠城越劇小鎮投資有限公司 Shengzhou Greentown Shaoxing Opera Town Investment Co., Ltd. ("Shengzhou Shaoxing Opera Town")	RMB100,000,000	**33%** **(vii)**	33% (vii)	Real estate development
浙江綠西房地產集團有限公司 Zhejiang Lvxi Real Estate Group Co., Ltd. ("Zhejiang Lvxi Group")	RMB100,000,000	**50%**	50%	Investment holding, real estate development and business consulting
浙江金盈置業有限公司 Zhejiang Jinying Real Estate Co., Ltd.	RMB400,000,000	**50%**	50%	Real estate development
海寧綠城新湖房地產開發有限公司 Haining Greentown Sinhoo Real Estate Development Co., Ltd.	RMB20,000,000	**50%**	50%	Real estate development
杭州綠城北秀置業有限公司 Hangzhou Greentown Beixiu Real Estate Co., Ltd.	RMB50,000,000	**50%**	50%	Real estate development
杭州臨宜房地產開發有限公司 Hangzhou Linyi Real Estate Development Co., Ltd.	RMB339,720,000	**50%**	50%	Real estate development
濟南東創置業有限公司 Jinan Dongchuang Real Estate Co., Ltd.	RMB300,000,000	**50%**	50%	Real estate development
杭州綠城鳳起置業有限公司 Hangzhou Greentown Fengqi Real Estate Co., Ltd. ("Hangzhou Fengqi")	RMB50,000,000	**50%**	50%	Real estate development
寧波軌道交通綠城置地有限公司 Ningbo Rail Transit Greentown Real Estate Co., Ltd. ("Ningbo Rail Transit")	RMB100,000,000	**51%** **(viii)/(ix)**	–	Real estate development

18. Interests in Joint Ventures (continued)

Name of joint ventures	Registered capital	Proportion of ownership interest/voting rights held by the Group 2017	2016	Principal activities
德清莫干山樂城置業有限公司 Deqing Moganshan Lecheng Real Estate Co., Ltd.	RMB100,000,000	– (x)	50%	Real estate development
杭州綠城中勝置業有限公司 Hangzhou Greentown Zhongsheng Real Estate Co., Ltd. ("Greentown Zhongsheng")	RMB100,000,000	– (x)	55% (xi)	Real estate development
天津綠城全運村建設開發有限公司 Tianjin Greentown National Games Village Construction Development Co., Ltd. ("Tianjin National Games Village")	RMB2,500,000,000	– (xii)	41% (xiii)	Real estate development

The above table lists the joint ventures of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other joint ventures would, in the opinion of the directors, result in particulars of excessive length.

Notes:

(i) Zhejiang Tietou Greentown Real Estate is a subsidiary of Zhejiang Tietou Greentown Investment.

(ii) Shenyang National Games Village is a subsidiary of Profit Pointer Limited.

(iii) Three out of five directors of Shaoxing Greentown Baoye are appointed by the Group, while a valid board resolution requires unanimous approval from all directors. Therefore, Shaoxing Greentown Baoye is accounted for as a joint venture of the Group.

(iv) Two out of five directors of Shandong Dongcheng are appointed by the Group and the remaining three directors by the other equity holder, while a valid board resolution requires four-fifths of the total votes. Decisions about relevant activities of Shandong Dongcheng require unanimous consent from the Group and the other equity holder. Therefore, Shandong Dongcheng is accounted for as a joint venture of the Group.

(v) Two out of five directors of Yuyao Greentown are appointed by the Group, while a valid board resolution requires unanimous approval from all directors. Therefore, Yuyao Greentown is accounted for as a joint venture of the Group.

(vi) Three out of four directors of Zhoushan Greentown Haisheng are appointed by the Group, while decisions about relevant activities of Zhoushan Greentown Haisheng require unanimous consent from the Group and the other equity holders. Therefore, Zhoushan Greentown Haisheng is accounted for as a joint venture of the Group.

(vii) Two out of five directors of Shengzhou Shaoxing Opera Town are appointed by the Group, while a valid board resolution requires two-third above approval from all directors. Decisions about relevant activities of Shengzhou Shaoxing Opera Town require unanimous consent from the Group and the other equity holders. Therefore, Shengzhou Shaoxing Opera Town is accounted for as a joint venture of the Group.

18. Interests in Joint Ventures (continued)

Notes: (continued)

(viii) Ningbo Rail Transit was newly established in 2017.

(ix) Decisions about relevant activities of Ningbo Rail Transit require unanimous consent from the Group and the other equity holders on the general meeting. Therefore, Ningbo Rail Transit is accounted for as a joint venture of the Group.

(x) These companies were liquidated in 2017.

(xi) Three out of five directors of Greentown Zhongsheng were appointed by the Group and the remaining two directors by the other equity holder, while a valid board resolution required four-fifths approval from the directors. Decisions about relevant activities of Greentown Zhongsheng required unanimous consent from the Group and the other equity holders before its liquidation. Therefore, Greentown Zhongsheng was accounted for as a joint venture of the Group.

(xii) The Group obtained control over Tianjin National Games Village by amendments to the articles of association in 2017. Tianjin National Games Village was previously a joint venture of the Group. For details, please refer to note 33.

(xiii) Three out of six directors of Tianjin National Games Village were appointed by the Group, and other two and one directors of Tianjin National Games Village were appointed by Tianjin Sunac Ao Cheng Investment Co., Ltd and the independent third party respectively. A valid board resolution required more than two-thirds above approval from the directors, therefore, the Group and Tianjin Sunac Ao Cheng Investment Co., Ltd. jointly controlled Tianjin National Games Village. Hence, Tianjin National Games Village was accounted for as a joint venture of the Group before the Group obtained control over Tianjin National Games Village in 2017.

Summarised financial information of material joint ventures

Summarised financial information in respect of each of the Group's material joint ventures is set out below. The summarised financial information below represents amounts shown in the joint ventures' financial statements prepared in accordance with IFRSs.

The joint ventures are accounted for using the equity method in these consolidated financial statements.

Joint venture Company A

	2017 RMB'000	2016 RMB'000
Current assets	**1,093,400**	2,583,160
Non-current assets	**667**	18,529
Current liabilities	**583,424**	2,283,321
Non-current liabilities	**–**	21,529

18. Interests in Joint Ventures (continued)

Summarised financial information of material joint ventures (continued)

Joint venture Company A (continued)

The above amounts of assets and liabilities include the following:

	2017 RMB'000	2016 RMB'000
Cash and cash equivalents	416,003	264,419
Current financial liabilities (excluding trade and other payables and provisions)	–	–
Non-current financial liabilities (excluding trade and other payables and provisions)	–	–

	2017 RMB'000	2016 RMB'000
Revenue	2,972,047	1,495,608
Profit for the year	213,805	62,562

The above profit for the year includes the following:

	2017 RMB'000	2016 RMB'000
Depreciation and amortisation	470	665
Interest expense	–	18,983
Income tax expense	215,267	6,657

18. Interests in Joint Ventures (continued)

Summarised financial information of material joint ventures (continued)

Joint venture Company A (continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	2017 RMB'000	2016 RMB'000
Net assets of Joint venture Company A	510,643	296,839
Proportion of the Group's ownership interest in Joint venture Company A	50%	50%
Other adjustments (note)	53,080	–
Carrying amount of the Group's interest in Joint venture Company A	308,402	148,419

Note: The other adjustment is the elimination of countercurrent trade arising from the Joint venture Company A.

Aggregate information of joint ventures that are not individually material:

	2017 RMB'000	2016 RMB'000
Group's share of (loss) profit for the year	(168,289)	137,999

The Group has discontinued recognition of its share of losses of certain joint ventures as its share of losses of those joint ventures equals or exceeds its interests in those joint ventures. The amounts of unrecognised share of losses of these joint ventures, both for the year and cumulatively, are as follows:

	2017 RMB'000	2016 RMB'000
Unrecognised share of losses of joint ventures for the year	346,252	288,008
Accumulated unrecognised share of losses of joint ventures	1,503,968	1,157,716

19. Available-For-Sale Investments

Available-for-sale investments comprise:

	2017 RMB'000	2016 RMB'000
Equity securities listed in Hong Kong, at fair value	**710,519**	326,743
Unlisted equity securities, at cost	**273,311**	190,058
	983,830	516,801

The above unlisted equity securities were issued by private entities established in the PRC. The available-for-sale investments are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair values cannot be measured reliably.

20. Prepaid Lease Payment

	2017 RMB'000	2016 RMB'000
Analysed for reporting purposes as:		
Current asset (included in trade and other receivables)	**23,983**	21,413
Non-current asset	**738,163**	662,981
	762,146	684,394

21. Deferred Taxation

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the current and prior years:

	Temporary differences on revenue recognition and related cost of sales RMB'000	Impairment losses RMB'000	Tax losses RMB'000	Fair value adjustments RMB'000	LAT provision RMB'000	Undistributed profits RMB'000	Others RMB'000	Total RMB'000
At 1 January 2016	181,123	177,487	301,252	(3,886,507)	514,139	(577,184)	(138,534)	(3,428,224)
(Charge) credit to profit or loss	(20,700)	(32,044)	109,380	(22,981)	29,845	5,000	(76,358)	(7,858)
Acquisition of subsidiaries (note 33)	–	–	31,119	(24,144)	–	–	–	6,975
Disposal of subsidiaries	–	–	(3,964)	–	–	–	(6,923)	(10,887)
At 31 December 2016	160,423	145,443	437,787	(3,933,632)	543,984	(572,184)	(221,815)	(3,439,994)
(Charge) credit to profit or loss	(6,113)	95,424	(174,703)	2,138,799	231,593	50,000	73,290	2,408,290
Acquisition of subsidiaries (note 33)	–	–	151,130	(3,130,082)	–	–	–	(2,978,952)
Disposal of subsidiaries (note 34)	–	–	–	194,536	–	–	–	194,536
Transfer to held for sale (note 25)	–	–	(14,030)	–	(7,505)	–	–	(21,535)
At 31 December 2017	**154,310**	**240,867**	**400,184**	**(4,730,379)**	**768,072**	**(522,184)**	**(148,525)**	**(3,837,655)**

The addition in deferred tax liabilities during current year is mainly due to fair value adjustment of the completed properties for sale from the acquisition of subsidiaries. Deferred tax liability credited to the profit or loss for the year was mainly due to sales of completed properties for sale acquired with fair value adjustment.

Others represent mainly deferred tax liabilities recognised in respect of temporary differences arising from accelerated tax depreciation and capitalised interest expense.

21. Deferred Taxation (continued)

For the purpose of presentation in the consolidated statement of financial position, 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 the deferred taxes relate to the same legal entity and fiscal authority. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2017 **RMB'000**	2016 RMB'000
Deferred tax assets	**1,586,225**	1,304,716
Deferred tax liabilities	**(5,423,880)**	(4,744,710)
	(3,837,655)	(3,439,994)

At the end of the reporting period, the Group had deductible temporary differences of RMB259,200,000 (2016: RMB7,587,000). No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

At the end of the reporting period, the Group had unutilised tax losses of RMB5,596,655,000 (2016: RMB4,249,938,000) available for offset against future profits. Deferred tax asset has been recognised in respect of RMB1,600,727,000 (2016: RMB1,751,141,000) of such losses. No deferred tax asset has been recognised in respect of the remaining RMB3,995,928,000 (2016: RMB2,498,797,000) due to the unpredictability of future profit streams. Pursuant to the relevant laws and regulations in the PRC, the unrecognised tax losses at the end of the reporting period will expire in the following years:

	2017 **RMB'000**	2016 RMB'000
2017	**–**	371,426
2018	**883,605**	454,338
2019	**448,424**	234,609
2020	**908,523**	842,389
2021	**1,151,891**	596,035
2022	**603,485**	–
	3,995,928	2,498,797

Based on the latest budgets, the management believes that there will be sufficient future profits for the realisation of the deferred tax assets recognised in respect of these tax losses.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of certain temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to RMB14,371,980,000 (31 December 2016: RMB15,593,935,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

22. Properties for Development

Included in properties for development as at 31 December 2017 is an amount of RMB17,927,640,000 (2016: RMB3,618,857,000) in respect of long-term leasehold land for which the Group was in the process of obtaining the land use rights certificates.

All properties for development are expected to be recovered after more than 12 months from the end of the reporting period.

23. Properties under Development

	2017 RMB'000	2016 RMB'000
Long-term leasehold land – at cost	56,812,084	39,293,712
Development costs	17,984,802	15,929,601
Finance costs capitalised	8,352,375	6,262,358
	83,149,261	61,485,671

Properties under development for sale amounting RMB67,503,121,000 (2016: RMB44,637,779,000) are expected to be recovered after more than 12 months from the end of the reporting period.

24. Other Current Assets

Trade and other receivables, deposits and prepayments

	2017 RMB'000	2016 RMB'000
Trade receivables	1,052,445	851,742
Less: allowance for doubtful debts	(56,375)	(9,873)
Trade receivables, net of allowance for doubtful debts	996,070	841,869
Other receivables, net of allowance for doubtful debts	5,365,456	3,824,326
Prepayments and deposits	1,806,117	1,604,529
Consideration receivables from disposal of subsidiaries and an associate	861,154	33,150
	9,028,797	6,303,874

The Group allows an average credit period of 90 days to certain trade customers with good credit standing. The aged analysis of trade receivables is stated below.

	2017 RMB'000	2016 RMB'000
Within 90 days	546,487	607,946
91–180 days	41,217	79,654
181–365 days	131,418	44,202
Over 365 days	333,323	119,940
Trade receivables	1,052,445	851,742

24. Other Current Assets (continued)

Trade and other receivables, deposits and prepayments (continued)

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of RMB453,602,000 (31 December 2016: RMB235,984,000) which are past due as at the reporting date for which the Group has not provided for impairment. Most of the Group's customers from property sales take out mortgages from banks to buy their properties. Should a customer fail to obtain a mortgage and honour the property sale and purchase agreement between himself and the Group, the Group has the right to revoke the agreement, reclaim the property and re-sell it in the market, thus the Group's exposure to credit risk from property sales related trade receivables is limited. In determining the recoverability of non-property sales related trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted to the customer up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated. Before accepting any customers, the Group uses an internal credit assessment system to assess the potential customers' credit quality and considers adequate allowance has been made at the end of the reporting period. Balances which are neither past due nor impaired are all with good credit quality and the Group does not notice any significant changes in the credit quality of its trade receivables, thus the amounts are considered to be recoverable.

Aging of trade receivables which are past due but not impaired

	2017 **RMB'000**	2016 RMB'000
91–180 days	**41,217**	76,921
181–365 days	**92,452**	43,059
Over 365 days	**319,933**	116,004
	453,602	235,984

The Group made allowance for doubtful debts for trade receivables amounted to RMB46,502,000 (2016: RMB10,996,000) and no write off of allowance during the year (2016: RMB1,123,000 due to disposal of subsidiaries). The Group also made allowance for doubtful debts for other receivables amounted to RMB169,724,000 (2016: RMB14,787,000) and no write off of allowance during the year (2016:RMB13,603,000 due to disposal of subsidiaries).

Included in other receivables were advances to third parties of RMB1,732,693,000 (2016: RMB1,544,804,000) as at 31 December 2017. All the advances are interest free, unsecured and expected to be recovered within one year (2016: except for RMB290,548,000 which carries interest at 7% to 14.5% per annum). The advances comprise mainly earnest money for potential projects. The Group has concentration of credit risk as 63% (2016: 49%) of the total advances to third parties was due from the five largest counterparties. The Group does not notice any significant changes in the credit quality of its advances to third parties and the amounts are considered to be recoverable.

Other receivables, other than advances to third parties which were mainly earnest money for potential projects, are repayable on demand. Prepayments and deposits are expected to be recovered after more than 12 months.

24. Other Current Assets (continued)

Bank balances and cash/pledged bank deposits

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. Bank balances carry interest at market rates which range from 0.3% to 2.5% (2016: 0.3% to 2.5%) per annum.

Pledged bank deposits represent deposits pledged to banks to secure short-term banking facilities granted to the Group. The pledged bank deposits carry interest at fixed rates which range from 0.3% to 2.75% (2016: 0.3% to 2.75%) per annum. As at 31 December 2017, the Group had bank balances and cash (including pledged bank deposits) denominated in Renminbi amounting to RMB34,047,295,000 (2016: RMB24,185,074,000). Renminbi is not freely convertible into other currencies.

Bank balances and cash/pledged bank deposits that are denominated in currencies other than the functional currency of the respective group entities are set out below:

	HKD	**USD**
	RMB'000	RMB'000
As at 31 December 2017	**39,423**	**1,890,712**
As at 31 December 2016	296,908	488,678

25. Disposal Group Classified as Held for Sale

On 19 October 2017, the Group entered into an equity transfer agreement to dispose of 60% equity interest in Liuzhou Greentown Investment Co., Ltd. ("Liuzhou Greentown Investment") to an independent third party for a total cash consideration of RMB408,000,000. At 31 December 2017, the Group has received RMB248,000,000 according to the equity transfer agreement.

On 27 December 2017, Greentown Real Estate, a wholly-owned subsidiary of the Company, entered into an acquisition agreement with shareholder's companies, Greentown Holdings Group Limited ("Greentown Holdings") and Zhejiang Greentown Football Club Company Limited ("Football Club"), pursuant to which Greentown Real Estate agreed to acquire and Greentown Holdings agreed to sell 50% equity interest in Football Club at the consideration of RMB331,370,000. The consideration for the acquisition will be satisfied in part by Greentown Real Estate transferring the entire equity interest in Hangzhou Rose Garden Resort Co., Ltd. ("Hangzhou Rose Garden Resort"), a wholly-owned subsidiary of the Company, and in part in cash. Details of the agreements set out above are disclosed in the Company's announcement dated 27 December 2017.

As at 31 December 2017, the above disposals have not been completed according to the agreements. As such, the assets and liabilities attributable to the above companies that are expected to be sold within 12 months have been classified as disposal groups held for sale and are separately presented in the consolidated statement of financial position. Liuzhou Greentown Investment and Hangzhou Rose Garden Resort are included in the Group's property development activities and hotel operations activities respectively for segment reporting purposes.

25. Disposal Group Classified as Held for Sale (continued)

The major classes of assets and liabilities classified as held for sale are as follows:

	2017 RMB'000
Property, plant and equipment	**178,011**
Prepaid lease payment	**24,015**
Properties for development	**829,340**
Deferred tax assets	**21,535**
Inventories	**4,399**
Trade and other receivables deposits and prepayments	**167,904**
Amount due from related parties	**1,161**
Prepaid income taxes	**18,344**
Prepaid other taxes	**33,487**
Pledge bank deposit	**3,388**
Bank balances and cash	**57,843**
Assets classified as held for sale	**1,339,427**
Trade and other payables	**106,817**
Pre-sale deposits	**936,483**
Amounts due to related parties	**28,544**
Income taxes payable	**56,511**
Other taxes payable	**183**
Liabilities associated with assets classified as held for sale	**1,128,538**

26. Trade and Other Payables

The aged analysis of trade payables is stated as follows:

	2017 RMB'000	2016 RMB'000
Within 180 days	**11,542,628**	9,716,820
181–365 days	**789,770**	1,168,557
Over 365 days	**1,562,879**	1,141,925
Trade payables	**13,895,277**	12,027,302
Other payables and accrued expenses	**7,110,774**	5,085,266
Receipt in advance for a subsidiary held for sale (note 25)	**248,000**	–
Consideration payables on acquisition and partial acquisition of subsidiaries	**1,026**	177,877
	21,255,077	17,290,445

Trade payables and other payables principally comprise amounts outstanding for trade purposes and ongoing costs.

27. Bank and Other Borrowings

	2017 RMB'000	2016 RMB'000
Secured bank loans (note 38)	**21,660,041**	24,800,692
Unsecured bank loans	**9,007,628**	7,039,833
	30,667,669	31,840,525
Secured other loans (note 38)	**2,114,996**	3,340,788
Unsecured other loans	**4,400,000**	840,000
	6,514,996	4,180,788
	37,182,665	36,021,313

	2017 RMB'000	2016 RMB'000
Carrying amount repayable*:		
Within one year	**12,732,906**	10,037,318
More than one year, but not exceeding two years	**16,065,223**	13,083,398
More than two years, but not exceeding three years	**5,711,536**	9,164,006
More than three years, but not exceeding four years	**330,000**	937,728
More than four years, but not exceeding five years	**326,950**	494,000
More than five years	**2,016,050**	2,304,863
	37,182,665	36,021,313
Less: Amounts due within one year shown under current liabilities	**(12,732,906)**	(10,037,318)
Amounts shown under non-current liabilities	**24,449,759**	25,983,995

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

Bank and other borrowings can be further analysed as follows:

	2017 RMB'000	2016 RMB'000
Fixed-rate	**13,076,576**	19,888,388
Variable-rate	**24,106,089**	16,132,925
	37,182,665	36,021,313

27. Bank and Other Borrowings (continued)

Interest on variable-rate bank and other borrowings is based on:

	2017 RMB'000	2016 RMB'000
The People's Bank of China benchmark rate	**14,760,279**	7,200,636
London Interbank Offered Rate	**9,345,810**	8,932,289
	24,106,089	16,132,925

The average effective interest rates were as follows:

	2017	2016
Bank loans	**5.02%**	5.46%
Other loans	**6.99%**	8.83%

Bank and other borrowings that are denominated in currencies other than the functional currency of the respective group entities are set out below:

	USD RMB'000
As at 31 December 2017	**9,345,810**
As at 31 December 2016	8,932,289

At the end of the reporting period, certain bank loans are guaranteed by the following companies:

	2017 RMB'000	2016 RMB'000
Secured bank loans:		
Non-controlling shareholders of subsidiaries	**1,892,400**	2,025,000

28. Senior Notes

2019 USD Notes – Unsecured

On 24 September 2013, the Company issued senior notes with an aggregate principal amount of USD300,000,000 at 100% of face value (the "2019 USD Notes"), which are listed on the Stock Exchange. The 2019 USD Notes carry interest at the rate of 8.0% per annum payable semi-annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to approximately USD296,947,000 (approximately RMB1,826,138,000). The 2019 USD Notes will mature on 24 March 2019.

The principal terms of 2019 USD Notes are disclosed in the Group's 2013 consolidated financial statements.

On 10 February 2015, the Company issued additional senior notes with an aggregate principal amount of USD200,000,000 at 96.61% of face value plus accrued interest that were consolidated and formed a single series with the 2019 USD Notes. This additional USD senior notes are listed on the Stock Exchange and carry the same terms and conditions as the 2019 USD Notes. The net proceeds, after deduction of direct issuance costs, amounted to approximately USD191,817,000 (approximately RMB1,175,321,000).

On 11 August 2015, the Company has exchanged USD263,459,000 (approximately RMB1,611,368,000) of the principal amount of 2019 USD Notes, representing approximately 52.69% of the total aggregate principal amount of 2019 USD Notes outstanding with new 2020 USD Notes. After repurchase and cancellation of the exchanged notes, USD236,541,000 (approximately RMB1,446,732,000) of the aggregate principal amount of the 2019 USD Notes remain outstanding.

The 2019 USD Notes contain a liability component and an early redemption option:

(i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

    The interest charged for the year is calculated by applying an effective interest rate of approximately 8% per annum to the liability component since the senior notes were issued.

(ii) Early redemption option is regarded as an embedded derivative not closely related to the host contract.

On 22 August 2017, the Company exercised the early redemption option and redeemed the 2019 USD Notes with an outstanding principal of USD236,541,000 (approximately RMB1,577,941,000) in full at a premium (together with the accrued and unpaid interest from 24 March 2017 to (but excluding) 22 August 2017). The fair value of the early redemption options is RMB48,602,000 as at 31 December 2016.

The movements of 2019 USD Notes during the year are set out below:

	RMB'000
At 1 January 2017	1,601,390
Exchange realignment	(62,351)
Interest charged during the year	120,766
Interest paid/payable during the year	(81,864)
Principal repaid during the year	(1,577,941)
At 31 December 2017	–

28. Senior Notes (continued)

2020 USD Notes – Unsecured

On 11 August 2015, the Company issued senior notes with an aggregate principal amount of USD500,000,000, comprised of (i) notes in the aggregate principal amount of USD429,698,000 (the "New Notes") which were issued pursuant to the exchange offer memorandum dated 20 July 2015 in relation to the exchange of the 2018 USD Notes (as defined in Group's 2016 consolidated financial statements and fully repaid in 2016) and the 2019 USD Notes into new USD senior notes due 2020 and (ii) notes in the aggregate principal amount of USD70,302,000 (the "Additional New Notes") which formed a single series with and have the same terms and conditions as the new USD senior notes due 2020 (collectively, the "2020 USD Notes").

The 2020 USD Notes were issued at 100% of face value and carried interest at the rate of 5.875% per annum payable semi-annually in arrears. The net proceeds raised from the Additional New Notes, after deducting subscription discounts for odd lot of notes and subtracting expenses related to the issuance of the 2020 USD Notes, was approximately USD62,861,000 (approximately RMB391,611,000). The 2020 USD Notes will mature on 11 August 2020.

The principal terms of 2020 USD Notes are disclosed in the Group's 2015 consolidated financial statements.

The 2020 USD Notes contain a liability component and an early redemption option:

(i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

The interest charged for the year is calculated by applying an effective interest rate of approximately 5.875% per annum to the liability component since the senior notes were issued.

(ii) Early redemption option is regarded as an embedded derivative not closely related to the host contract. The directors consider that the fair value of the early redemption options is insignificant as at 31 December 2017 (2016: RMB108,098,000).

The movements of 2020 USD notes during the year are set out below:

	RMB'000
At 1 January 2017	3,295,055
Exchange realignment	(195,811)
Interest charged during the year	245,318
Interest paid/payable during the year	(195,559)
At 31 December 2017	**3,149,003**

28. Senior Notes (continued)

2020 USD Notes – Unsecured (continued)

The summary of movements of all senior notes during the year is set out below:

	RMB'000
At 1 January 2017	4,896,445
Exchange realignment	(258,162)
Interest charged during the year	366,084
Interest paid/payable during the year	(277,423)
Principal repaid during the year	(1,577,941)
At 31 December 2017	**3,149,003**

All of the senior notes contain early redemption options. Early redemption options are regarded as embedded derivatives not closely related to the host contracts. The directors consider that the fair value of the early redemption options is insignificant as at 31 December 2017 (2016: RMB156,700,000).

29. Corporate Debt Instruments

Corporate bonds

On 28 August 2015, Greentown Real Estate (the "Issuer"), a wholly-owned subsidiary of the Company, issued the first tranche of corporate bonds with an aggregate principal amount of RMB3,000,000,000 at 100% of face value (the "First Bonds") which are listed on Shanghai Stock Exchange. The First Bonds carry interest at the rate of 4.7% per annum payable semi-annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB2,952,000,000. The First Bonds will mature on 27 August 2020.

On 18 September 2015, the Issuer issued the second tranche of the corporate bonds in an aggregate principal amount of RMB4,000,000,000 at 100% of face value comprising (i) RMB2,000,000,000 with a term of five years and an annual coupon rate of 4.4% (the "Five-year Bonds"), and (ii) RMB2,000,000,000 with a term of seven years and an annual coupon rate of 5.16% (the "Seven-year Bonds", together with the Five-year Bonds, the "Second Bonds"). The net proceeds, after deduction of direct issuance costs, amounted to RMB3,940,000,000. The Five-year Bonds will mature on 16 September 2020. The Seven-year Bonds will mature on 16 September 2022.

The Issuer shall be entitled to unconditionally adjust the coupon rate and the investors shall be entitled to unconditionally sell back the First Bonds and Five-year Bonds, both at the end of the third year and the Seven-year Bonds at the end of the fifth year, respectively ("Coupon Rate Adjustment Right").

The principal terms of corporate bonds are disclosed in the Group's 2015 consolidated financial statements.

29. Corporate Debt Instruments (continued)

Corporate bonds (continued)

The corporate bonds contain a liability component and a written put option:

(i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms.

The interest charged for the year is calculated by applying an effective interest rate of approximately 4.76% per annum to the liability component since the corporate bonds were issued.

(ii) Written put option is regarded as an embedded derivative closely related to the economic characteristics and risks of the host contract, therefore, the written put option is not separated from the liability component.

As at 31 December 2017, the Group has had no plan nor intention to exercise the Coupon Rate Adjustment Right of the corporate bonds, therefore the interest expense for the year were calculated using the original coupon rates of the corporate bonds.

The movements of corporate bonds during the year are set out below:

	RMB'000
At 1 January 2017	6,916,290
Interest charged during the year	351,467
Interest paid/payable during the year	(331,669)
At 31 December 2017	**6,936,088**
Less: Amounts puttable within one year shown under current liabilities	(4,951,618)
Amounts shown under non-current liabilities	1,984,470

Medium-term notes

On 6 March 2017, the Issuer issued the first of medium-term notes with an aggregate principal amount of RMB3,000,000,000 at 100% of face value (the "First Medium-term Notes").The First Medium-term Notes carry interest at the rate of 5.50% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB2,977,009,000. The First Medium-term Notes will mature on 6 March 2022.

On 21 April 2017, the Issuer issued the second of medium-term notes with an aggregate principal amount of RMB2,000,000,000 at 100% of face value (the "Second Medium-term Notes"). The Second Medium-term Notes carry interest at the rate of 5.19% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB1,987,538,000. The Second Medium-term Notes will mature on 21 April 2020.

29. Corporate Debt Instruments (continued)

Medium-term notes (continued)

On 13 June 2017, the Issuer issued the third of medium-term notes with an aggregate principal amount of RMB2,500,000,000 at 100% of face value (the "Third Medium-term Notes"). The Third Medium-term Notes carry interest at the rate of 5.47% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB2,484,460,000. The Third Medium-term Notes will mature on 13 June 2020.

On 8 August 2017, the Issuer issued the fourth medium-term notes with an aggregate principal amount of RMB1,400,000,000 at 100% of face value (the "Fourth Medium-term Notes"). The Fourth Medium-term Notes carry interest at the rate of 5.30% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB1,385,370,000. The Fourth Medium-term Notes will mature on 8 August 2022.

The movements of medium-term notes during the year are set out below:

	RMB'000
Fair value at the dates of issuance	8,834,377
Interest charged during the year	329,214
Interest paid/payable during the year	(316,975)
At 31 December 2017	**8,846,616**

The summary of movements of corporate bonds and medium-term notes during the year are set below:

	RMB'000
At 1 January 2017	6,916,290
Fair value at the dates of issuance	8,834,377
Interest charged during the year	680,681
Interest paid/payable during the year	(648,644)
At 31 December 2017	**15,782,704**
Less: Amounts puttable within one year shown under current liabilities	(4,951,618)
Amounts shown under non-current liabilities	10,831,086

30. Receipts Under Securitisation Arrangements

On 3 November 2017, Greentown Real Estate, a wholly-owned subsidiary of the Company, issued receipts under securitisation arrangements (the "Receipts Under Securitisation Arrangements") with an aggregate principal amount of RMB1,600,000,000 at 100% of face value comprising (i) RMB1,500,000,000 with a term of fixed annual coupon rate of 5.29% and provide distribution semi-annually (the "Senior Tranche Securities"), and (ii) RMB100,000,000 with a term of no annual coupon rate (the "Junior Tranche Securities"). The Receipts Under Securitisation Arrangements are listed on the Shanghai Stock Exchange. The net proceeds of the Receipts Under Securitisation Arrangements, after deduction of direct issuance costs, amounted to RMB1,590,140,000. Both Senior Tranche Securities and Junior Tranche Securities will mature on 21 July 2020.

The receipts under securitisation arrangements are assets backed securitisation collateralised by certain future trade receivables for the remaining receipts from sales of properties.

30. Receipts Under Securitisation Arrangements (continued)

The movements of receipts under securitisation arrangements during the year are set out below:

	RMB'000
Fair value at the date of issuance	1,590,140
Interest charged during the year	40,074
Interest paid/payable during the year	(38,323)
At 31 December 2017	**1,591,891**

31. Share Capital

	Number of shares	**Share capital** HKD'000
Authorised		
Ordinary shares of HKD0.10 each At 31 December 2016 and 2017	10,000,000,000	1,000,000
Issued and fully paid		
Ordinary shares of HKD0.10 each At 1 January 2016	2,162,419,690	216,242
Exercise of share options	775,500	78
At 31 December 2016	2,163,195,190	216,320
Exercise of share options	2,383,000	238
At 31 December 2017	**2,165,578,190**	**216,558**

	RMB'000
Shown on the consolidated statement of financial position	
As at 31 December 2017	**209,240**
As at 31 December 2016	209,034

All shares issued during the year rank pari passu with other shares in issue in all respects.

32. Perpetual Securities

First USD perpetual securities

On 28 January 2014, Moon Wise Global Limited ("Moon Wise"), a wholly-owned subsidiary of the Company, issued USD denominated subordinated perpetual capital securities (the "First USD Perpetual Securities") with an aggregate principal amount of USD500,000,000. The Company has agreed to guarantee on a subordinated basis the due payment of all sums expressed to be payable by Moon Wise under the First USD Perpetual Securities.

The principal terms of the First USD Perpetual Securities are disclosed in the Group's 2014 consolidated financial statements.

As the First USD Perpetual Securities only impose contractual obligations on the Group to repay principal or to pay any distributions under certain circumstances which are at the Group's discretion, they have in substance confer the Group an unconditional right to avoid delivering cash or other financial asset to settle contractual obligations, therefore they do not meet the definition for classification as financial liabilities under IAS 32 Financial Instruments: Presentation. As a result, the whole instrument is classified as equity, and distributions if and when declared are treated as equity dividends. Distribution of RMB306,263,000 for the year ended 31 December 2017 (2016: RMB297,002,000) has been provided and paid by the Company.

Second USD perpetual securities

On 22 April 2016, Apex Top Group Limited ("Apex Top"), a wholly-owned subsidiary of the Company, issued USD denominated senior perpetual capital securities callable 2019 (the "Second USD Perpetual Securities") with an aggregate principal amount of USD400,000,000. The Second USD Perpetual Securities are unlisted, guaranteed by the Company, and benefit from a keepwell deed and deed of equity interest purchase undertaking provided by China Communications Construction Group (Limited) ("CCCG").

The principal terms of the Second USD Perpetual Securities are disclosed in the Group's 2016 consolidated financial statements.

As the Second USD Perpetual Securities only impose contractual obligations on the Group to repay the principal or to pay any distributions under certain circumstances which are at the Group's discretion, they have in substance conferred upon the Group an unconditional right to avoid delivering cash or other financial asset to settle contractual obligations, therefore they do not meet the definition for classification as financial liabilities under IAS 32 Financial Instruments: Presentation. As a result, the whole instrument is classified as equity, and distributions if and when declared are treated as equity dividends. Distribution of RMB148,374,000 for the year ended 31 December 2017 (2016: RMB74,042,000) has been provided and paid by the Company.

32. Perpetual Securities (continued)

Third USD perpetual securities

On 19 July 2017 (the "Issue Date"), Wisdom Glory Group Limited ("Wisdom Glory"), a wholly-owned subsidiary of the Company, issued USD denominated guaranteed senior perpetual capital securities (the "Third USD Perpetual Securities") with an aggregate principal amount of USD450,000,000. The Company has agreed to guarantee the due payment of all sums expressed to be payable by Wisdom Glory under the Perpetual Securities.

The Perpetual Securities confer the holders a right to receive distribution at the applicable distribution rate from the Issue Date semi-annually in arrears. The distribution rate shall be (i) in respect of the period from, and including, the Issue Date to, but excluding, 19 July 2020 (the "First Reset Date"), 5.25% per annum; and (ii) in respect of the periods (A) from, and including, the First Reset Date to, but excluding, the immediately following Reset Date and (B) from, and including, each Reset Date falling after the First Reset Date to, but excluding, the immediately following Reset Date, the Relevant Reset Distribution Rate. A Reset Date is defined as each of the First Reset Date and each day falling every 3 calendar years after the First Reset Date. Relevant Reset Distribution Rate is the treasury rate with respect to the relevant Reset Date plus 3.665% plus 5.00% per annum.

Wisdom Glory may at its sole discretion elect to defer any scheduled distribution to the next scheduled distribution payment date by giving prior written notice. Wisdom Glory may further defer any arrears of distribution following the foregoing notice requirement and is not subject to any limits as to the number of times distributions and arrears of distribution can be deferred. Unless and until (i) Wisdom Glory or the Company satisfies in full all outstanding arrears of distribution and any additional distribution amount or (ii) it is permitted by a resolution passed by a majority of not less than three quarters of the votes casted at a duly convened meeting of the holders of the Perpetual Securities, Wisdom Glory and the Company shall not declare or pay any dividends, distributions or make payment on, and will procure that no dividend or other payment is made on or redeem, reduce, cancel, buy-back or acquire for any consideration any share capital thereof (including preference shares) or parity securities.

As the Perpetual Securities only impose contractual obligations on the Group to repay principal or to pay any distributions under certain circumstances which are at the Group's discretion, they have in substance confer the Group an unconditional right to avoid delivering cash or other financial asset to settle contractual obligations, therefore they do not meet the definition for classification as financial liabilities under IAS 32 Financial Instruments: Presentation. As a result, the whole instrument is classified as equity, and distributions if and when declared are treated as equity dividends.

33. Acquisition of Subsidiaries

Particulars of the subsidiaries acquired during 2017 were as follows:

Acquired company	Principal activities	Acquisition date	Equity interest acquired	Consideration RMB'000
天津團泊湖裕泰置業有限公司 Tianjin Tuanbohu Yutai Real Estate Co., Ltd. ("Tianjin Tuanbohu Yutai") (note (i))	Real estate development	18 January 2017	100%	421,287
上海銘藝木業有限公司 Shanghai Mingyi Wood Co., Ltd. ("Shanghai Mingyi") (note (ii))	Design and decoration	18 April 2017	60%	165
寧波泰谷房地產開發有限公司 Ningbo Taigu Real Estate Development Co., Ltd. ("Ningbo Taigu") (note (iii))	Real estate development	27 April 2017	100%	32,502
浙江綠城利普建築設計有限公司 Zhejiang Greentown Lipu Construction Design Co., Ltd. ("Zhejiang Greentown Lipu") (note (iv))	Design and decoration	26 June 2017	51%	–
安吉騰迅旅遊開發有限公司 Anji Tengxun Travelling Development Co., Ltd. ("Anji Tengxun ") (note (v))	Travel development	15 August 2017	100%	800
浙江綠城聯合建設有限公司 Zhejiang Greentown United Construction Development Co., Ltd. ("Zhejiang Greentown United") (note (vi))	Design and decoration	12 October 2017	60%	12,000
杭州綠城櫥櫃有限公司 Hangzhou Greentown Cabinet Co., Ltd. ("Hangzhou Greentown Cabinet") (note (vi))	Design and decoration	12 October 2017	51%	–

33. Acquisition of Subsidiaries (continued)

Particulars of the subsidiaries acquired during 2017 were as follows: (continued)

Acquired company	Principal activities	Acquisition date	Equity interest acquired	Consideration RMB'000
天津全運村 Tianjin National Games Village (note (vii))	Real estate development	13 November 2017	–	–
成都浙中大地產有限公司 Chengdu Zhezhongda Real Estate Co., Ltd. ("Chengdu Zhezhongda") (note (viii))	Real estate development	14 November 2017	60%	292,208
西安新鴻業投資發展有限公司 Xi'an Xinhongye Investment Development Co., Ltd. ("Xi'an Xinhongye") (note (ix))	Real estate development	1 December 2017	83%	481,689
西安鴻登城市建設有限公司 Xi'an Hongdeng City Construction Co., Ltd. ("Xi'an Hongdeng") (note (ix))	Real estate development	1 December 2017	83%	–
西安鴻基物業管理有限公司 Xi'an Hongji Property Management Co., Ltd. ("Xi'an Hongji") (note (ix))	Property management service	1 December 2017	83%	–
山東省永隆裝飾工程有限公司 Shandong Yonglong Decoration Project Co., Ltd. ("Shandong Yonglong") (note (x))	Design and decoration	4 December 2017	80%	95,617
浙江綠城房屋服務系統有限公司 Zhejiang Greentown Housing Service System Co., Ltd. ("Zhejiang Greentown Housing") (note (xi))	Housing service	19 December 2017	100%	13,800
				1,350,068

33. Acquisition of Subsidiaries (continued)

Particulars of the subsidiaries acquired during 2017 were as follows: (continued)

Notes:

(i) Tianjin Greentown Northern Real Estate Co., Ltd., a wholly-owned subsidiary of the Company, acquired 100% equity interest of Tianjin Tuanbohu Yutai so as to continue the expansion of the Group's property development operation.

(ii) Zhejiang Greentown Wood Development Co., Ltd., a wholly-owned subsidiary of the Company, acquired 60% equity interest of Shanghai Mingyi so as to continue the expansion of the Group's design and decoration operation.

(iii) Hangzhou Greentown Zhizhen Investment Co., Ltd., a wholly-owned subsidiary of the Company, acquired 100% equity interest of Ningbo Taigu so as to continue the expansion of the Group's property development operation.

(iv) Greentown Construction Management Group, a wholly-owned subsidiary of the Company, obtained 51% equity interest of Zhejiang Greentown Lipu so as to continue the expansion of the Group's design and decoration operation.

(v) Zhejiang Greentown Yuanhe Real Estate Development Co., Ltd., an 85%-owned subsidiary of the Company, acquired 100% equity interest of Anji Tengxun so as to continue the expansion of the Group's travel development operation.

(vi) Greentown Decoration Project Group Co., Ltd. ("Greentown Decoration Project Group"), an 87.64%-owned subsidiary of the Company, acquired additional 60% equity interest of Zhejiang Greentown United so as to continue the expansion of the Group's design and decoration operation. Zhejiang Greentown United was previously a 40%-owned associate of the Group. Hangzhou Greentown Cabinet is a subsidiary of Zhejiang Greentown United, therefore was also acquired by the Group.

(vii) Greentown Real Estate obtained control over Tianjin National Games Village by amendments to the articles of association so as to continue the expansion of the Group's property development operation. Tianjin National Games Village was previously a 40.8%-owned joint venture of the Group.

(viii) Greentown Real Estate, a wholly-owned subsidiary of the Company, acquired 60% equity interest of Chengdu Zhezhongda so as to continue the expansion of the Group's property development operation.

(ix) Beijing Greentown Investment Co., Ltd., a wholly-owned subsidiary of the Company, acquired 83% equity interest of Xi'an Xinhongye so as to continue the expansion of the Group's property development operation. Xi'an Hongdeng and Xi'an Hongji are wholly-owned subsidiaries of Xi'an Xinhongye, therefore were also acquired by the Group.

(x) Greentown Decoration Project Group acquired 80% equity interest of Shandong Yonglong so as to continue the expansion of the Group's design and decoration operation.

(xi) Greentown Ideal housing Technology Service Co., Ltd., a 58%-owned subsidiary of the Company, acquired 100% equity interest of Zhejiang Greentown Housing so as to continue the expansion of the Group's housing service operation.

33. Acquisition of Subsidiaries (continued)

Particulars of the subsidiaries acquired during 2016 were as follows:

Acquired companies	Principal activities	Acquisition date	Equity interest acquired	Consideration RMB'000
杭州坤一景觀設計諮詢有限公司 Hangzhou Kunyi Garden Decoration & Consulting Co., Ltd. ("Hangzhou Kunyi") (note (i))	Design and consulting	24 May 2016	51%	–
浙江綠城景道園林工程有限公司 (原名「浙江楓浜園林工程有限公司」) Zhejiang Greentown Landscape Garden Project Co., Ltd. ("Zhejiang Landscape") (the former name "Zhejiang Fengbang Garden Decoration Co., Ltd.") (note (ii))	Design and decoration	24 May 2016	51%	4,570
浙江綠城元和房地產開發有限公司 Zhejiang Greentown Yuanhe Real Estate Development Co., Ltd. ("Zhejiang Yuanhe") (note (iii))	Real estate development	30 June 2016	38%	61,768
安吉綠城元和農業發展有限公司 Anji Greentown Yuanhe Agriculture Development Co., Ltd. ("Anji Greentown Yuanhe") (note (iii))	Agriculture	30 June 2016	38%	–
浙江綠城元和旅遊開發有限公司 Zhejiang Greentown Yuanhe Travel Development Co., Ltd. ("Zhejiang Yuanhe Travel") (note (iv))	Travel development	22 July 2016	85%	30,000
寧波軌道交通寧興置業有限公司 Ningbo Railway Transportation Ningxing Real Estate Co., Ltd. ("Railway Transportation Ningxing") (note (v))	Real estate development	8 October 2016	51%	104,090
奉化綠城房地產開發有限公司 Fenghua Greentown Real Estate Development Co., Ltd. ("Fenghua Greentown") (note (vi))	Real estate development	3 November 2016	49%	49,000
				249,428

33. Acquisition of Subsidiaries (continued)

Particulars of the subsidiaries acquired during 2016 were as follows: (continued)

Notes:

(i) Greentown Project Management Group, a wholly-owned subsidiary of the Company, obtained 51% equity interest of Hangzhou Kunyi. The Group acquired Hangzhou Kunyi so as to continue the expansion of the Group's design and consulting operation.

(ii) Greentown Project Management Group acquired 51% equity interest of Zhejiang Landscape. The Group acquired Zhejiang Landscape so as to continue the expansion of the Group's design and decoration operation.

(iii) Greentown Real Estate acquired additional 38% equity interest of Zhejiang Yuanhe. Zhejiang Yuanhe was previously a 47%-owned associate of the Group. Anji Greentown Yuanhe is a wholly-owned subsidiary of Zhejiang Yuanhe, therefore was also acquired by the Group. The Group acquired additional 38% equity interest so as to continue the expansion of the Group's property development operation.

(iv) Greentown Real Estate acquired additional 85% equity interest of Zhejiang Yuanhe Travel. The Group previously held a 15% equity interest in Zhejiang Yuanhe Travel and classified the investments as available-for-sale investments measured at cost. The Group acquired Zhejiang Yuanhe Travel so as to expansion of the Group's travel development operation.

(v) Greentown Real Estate acquired 51% equity interest of Railway Transportation Ningxing. The Group acquired Railway Transportation Ningxing so as to continue the expansion of the Group's property development operation.

(vi) Greentown Real Estate acquired 49% equity interest of Fenghua Greentown. The Group previously held a 31% equity interest in Fenghua Greentown and classified the investments as an associate. The Group acquired Fenghua Greentown so as to continue the expansion of the Group's property development operation.

33. Acquisition of Subsidiaries (continued)

A summary of the effects of the acquisition of these subsidiaries is as follows:

	Tianjin National Games Village RMB'000 (note i)	Other companies RMB'000	**2017 Total RMB'000**	2016 Total RMB'000
Net assets acquired:				
Property, plant and equipment	2,828	24,985	**27,813**	7,905
Prepaid lease payment	–	1,449	**1,449**	–
Available-for-sale investments	–	95	**95**	–
Deferred tax assets	83,879	67,251	**151,130**	31,119
Properties for development	–	1,162,725	**1,162,725**	1,689,133
Properties under development	2,105,911	6,912,652	**9,018,563**	3,020,160
Completed properties for sale	17,694,089	560,035	**18,254,124**	162,253
Inventories	–	58,667	**58,667**	4,163
Trade and other receivables, deposits and prepayments	96,655	1,092,011	**1,188,666**	69,673
Amounts due from related parties	6,280,008	18,244	**6,298,252**	194,248
Prepaid income taxes	1,446,520	162,066	**1,608,586**	65,534
Prepaid other taxes	756,820	114,831	**871,651**	111,655
Bank balances and cash	1,236,920	1,249,203	**2,486,123**	485,614
Trade and other payables	(1,640,425)	(4,694,687)	**(6,335,112)**	(375,487)
Pre-sale deposits	(19,132,847)	(2,947,526)	**(22,080,373)**	(2,456,960)
Amounts due to related parties	–	(625,464)	**(625,464)**	(1,898,435)
Income taxes payable	(35,000)	(30,716)	**(65,716)**	(95)
Other taxes payable	(563)	(5,488)	**(6,051)**	(1,137)
Bank and other borrowings	–	(1,035,000)	**(1,035,000)**	(570,950)
Deferred tax liabilities	(2,750,339)	(379,743)	**(3,130,082)**	(24,144)
	6,144,456	1,705,590	**7,850,046**	514,249
Non-controlling interests	(3,392,718)	(333,716)	**(3,726,434)**	(151,977)
	2,751,738	1,371,874	**4,123,612**	362,272
Less:				
Transferred from interests previously held and classified as associates and a joint venture	(1,131,221)	(4,982)	**(1,136,203)**	(58,830)
Gain on re-measurement of associates and a joint venture to acquisition date fair value in business combination achieved in stages (note ii)	(1,620,517)	(3,018)	**(1,623,535)**	(51,689)
Gain on acquisition of subsidiaries	–	(13,806)	**(13,806)**	(2,325)
	–	1,350,068	**1,350,068**	249,428
Total consideration, satisfied by:				
Cash	–	1,350,068	**1,350,068**	249,428
Net cash inflow arising on acquisition				
Cash paid	–	(949,860)	**(949,860)**	(249,428)
Bank balances and cash acquired	1,236,920	1,249,203	**2,486,123**	485,614
	1,236,920	299,343	**1,536,263**	236,186

33. Acquisition of Subsidiaries (continued)

Note: i. Tianjin National Games was previously a 40.8% owned-joint venture of the Group. Due to certain amendments to the articles of association of Tianjin National Games Village, the Group is allowed to (i) appoint an additional director to the Board of Tianjin National Games Village so that a majority of the Board of Tianjin National Games Village can be appointed by the Group; and (ii) the Board being authorized to be responsible for decision on financial and operational policies of Tianjin National Games Village by the shareholders of Tianjin National Games Village. The amendments to the articles of association became effective on 13 November 2017.

Upon completion of the amendments to the articles of association, the Group has obtained control over Tianjin National Games Village with no consideration, and Tianjin National Games Village became a 40.8%-owned subsidiary of the Group.

If the business combination had occurred on 1 January 2017, the Group's revenue would have been RMB41,952,752,000, and profit for the year would have been RMB2,643,122,000.

Note: ii. The Group's 40.8% equity interest in Tianjin National Games Village, which was previously accounted for as a joint venture, was remeasured to its fair value upon acquisition, resulting in a gain of RMB1,620,517,000 in 2017. The Group's 40% equity interests in Zhejiang Greentown United and Hangzhou Greentown Cabinet, which were previously accounted for as associates, were remeasured to its fair value upon acquisition, resulting in a gain of RMB3,018,000 in 2017.

The acquisition of the subsidiaries has been accounted for using the acquisition method. The effect of the acquisitions was presented together as the assets and liabilities acquired from Zhejiang Greentown Lipu, Shanghai Mingyi, Anji Tengxun, Zhejiang Greentown United, Hangzhou Greentown Cabinet, Zhejiang Greentown Housing, Xi'an Hongdeng, Tianjin Tuanbohu Yutai, Ningbo Taigu, Chengdu Zhezhongda, Shandong Yonglong, Xi'an Xinhongye and Xi'an Hongji were not material in comparison to the assets and liabilities acquired from Tianjin National Games Village.

The receivables acquired (which principally comprised trade and other receivables, deposits and prepayments, amounts due from related parties) with a fair value of RMB7,486,918,000 at the date of acquisition had gross contractual amounts of RMB7,486,918,000, which were expected to be fully collected.

The non-controlling interest recognised at the acquisition date was measured by reference to the proportionate share of the recognised amounts of net assets of subsidiaries and amounted to RMB3,726,434,000.

The subsidiaries contributed RMB6,162,235,000 in revenue to the Group between the date of acquisition and the end of the year.

The losses attributable to the subsidiaries amounted to RMB18,690,000 has been recognised in the Group's profit for the year between the date of acquisition and the end of the period. The profits attributable to the subsidiaries amounted to RMB203,439,000 has been recognised in the Group's profit for the year between the date of acquisition and the end of the year.

33. Acquisition of Subsidiaries (continued)

Had the acquisition of the subsidiaries been effected at 1 January 2017, the Group's revenue and profit for the year ended 31 December 2017 would have been RMB42,333,819,000 and RMB2,669,006,000.

Acquisition-related costs were immaterial and had been recognised as an expense in the current year, within the administrative expenses line item in the consolidated statement of profit or loss and other comprehensive income.

For analysis of the summary of effects of acquisition of subsidiaries in 2016, please refer to the Group's consolidated financial statements for the year ended 31 December 2016.

34. Disposal of Subsidiaries

In April 2017, the Group disposed of its entire 75% equity interest in Xinjiang Greentown Property Investment Co., Ltd. to an independent third party for a cash consideration of approximately RMB21,571,000.

In May 2017, the Group disposed of its entire 100% equity interest in Beijing Greentown Yinshi Real Estate Co., Ltd. ("Beijing Yinshi") to an independent third party for a cash consideration of approximately RMB1,344,311,000.

In May 2017, the Group disposed of its entire 100% equity interest in Hangzhou Litao to an independent third party for a cash consideration of approximately RMB1,409,392,000. Beijing Laifu Century Property Co., Ltd. ("Beijing Laifu Century") is a wholly-owned subsidiary of Hangzhou Litao, therefore was also disposed by the Group.

In July 2017, the Group disposed of its 70% equity interest in Ma'anshan Weihua Property Development Co., Ltd. ("Ma'anshan Weihua") to an independent third party for a cash consideration of RMB50,000,000.

In July 2017, the Group disposed of its 51% equity interest in Hangzhou Greentown Hengyu Environment Design Co., Ltd. to a non-controlling interest party for a cash consideration of approximately RMB898,000, for details please refer to note 44(iii)(b).

In December 2017, the Group disposed of its 70% equity interest in Beijing Greentown Gerui Construction Design and Consulting Co., Ltd. to an independent third party for a consideration of RMB nil.

For the year ended 31 December 2017

34. Disposal of Subsidiaries (continued)

A summary of the effects of the disposal of these subsidiaries is as follows:

	2017 RMB'000
Net assets disposed of:	
Property, plant and equipment	4,847
Investment properties	1,950,000
Properties for development	1,216,700
Property under development	231,466
Inventories	579
Trade and other receivables, deposits and prepayments	66,891
Amounts due from related parties	5,290
Prepaid income taxes	2,443
Prepaid other taxes	5,839
Bank balances and cash	65,109
Pre-sale deposits	(109,345)
Trade and other payables	(51,164)
Amounts due to related parties	(1,399,174)
Other taxes payables	(5,185)
Bank borrowings	(549,234)
Deferred tax liability	(194,536)
	1,240,526
Net gain in disposal of subsidiaries	1,619,765
Non-controlling interests	(34,119)
Total consideration	2,826,172
Satisfied by:	
Cash received	1,965,018
Consideration receivable	861,154
	2,826,172
Net cash inflow arising on disposal:	
Cash received	1,965,018
Bank balances and cash disposed of	(65,109)
	1,899,909

35. Operating Leases

The Group as lessee

	2017 RMB'000	2016 RMB'000
Minimum lease payments made under operating leases in respect of buildings during the year	117,743	89,478

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:

	2017 RMB'000	2016 RMB'000
Within one year	47,705	38,408
In the second to fifth year inclusive	89,368	49,080
After the fifth year	25,760	730
	162,833	88,218

Operating lease payments represent rentals payable by the Group for certain office premises. Leases are negotiated for a term ranging from 1 to 6 years with fixed rentals.

The Group as lessor

	2017 RMB'000	2016 RMB'000
Property rental income, net of negligible outgoings	89,528	154,752

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2017 RMB'000	2016 RMB'000
Within one year	79,352	28,470
In the second to fifth year inclusive	157,629	74,957
After the fifth year	355,764	29,604
	592,745	133,031

Property rental income represents rentals receivable by the Group. Leases are negotiated for a term ranging from 1 to 20 years with fixed rentals.

36. Commitments

	2017 RMB'000	2016 RMB'000
Commitments contracted for but not provided in the consolidated financial statements in respect of:		
Properties for development and properties under development and construction in progress	**19,815,145**	10,999,569

In addition to the above, the Group's share of the commitments of its joint ventures are as follows:

	2017 RMB'000	2016 RMB'000
Contracted for but not provided in respect of properties for development and properties under development	**2,372,988**	2,950,800

37. Share-Based Payment Transactions

2006 Share Option Scheme

The Company's 2006 share option scheme (the "2006 Share Option Scheme") was adopted pursuant to the shareholders' resolution passed on 22 June 2006 for the primary purpose of providing incentives and/or reward to directors and employees of the Group. The 2006 Share Option Scheme has been terminated upon adoption of the new share option scheme ("2016 Share Option Scheme") by ordinary resolution of shareholders of the Company at the annual general meeting of the Company held on 17 June 2016 ("Effective Date"). Upon termination of the 2006 Share Option Scheme, no further options of the 2006 Share Option Scheme can be offered thereunder but the provisions of the 2006 Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted prior to its termination and options granted prior to such termination shall continue to be valid and exercisable.

Share options granted under the 2006 Share Option Scheme may be exercised at any time from the date of grant of the share option to the expiry of the Share Option Scheme, unless otherwise specified in the Share Option Scheme. The exercise price is determined by the Board, and will not be less than the higher of (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average of the closing prices of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the shares.

37. Share-Based Payment Transactions (continued)

2006 Share Option Scheme (continued)

Details of specific categories of options granted in 2009 are as follows:

	Date of grant	Vesting period	Exercise period	Exercise price	Fair value
2009A	22/1/2009	22/1/2009-21/1/2011	22/1/2009-21/1/2019	HK$2.89	HK$1.19
2009B	13/5/2009	13/5/2009-12/5/2012	13/5/2009-12/5/2019	HK$7.16	HK$3.41
2009C	22/6/2009	22/6/2009-21/6/2011	22/6/2009-21/6/2019	HK$11.00	HK$4.71
2009D	17/7/2009	17/7/2009-16/7/2011	17/7/2009-16/7/2019	HK$11.59	HK$4.17

The closing prices of the Company's shares on 22 January, 13 May, 22 June and 17 July 2009, the dates of grant, were HK$2.75, HK$7.16, HK$11.00 and HK$11.52 respectively.

The share options are exercisable during the following periods:

2009A

(i) up to 50% of the share options granted to each grantee from 22 January 2009;

(ii) up to 75% of the share options granted to each grantee at any time after the expiration of 12 months from 22 January 2009; and

(iii) all the remaining share options granted to each grantee at any time after the expiration of 24 months from 22 January 2009, and in each case, not later than 21 January 2019.

2009B

(i) up to 33% of the share options granted to each grantee from 13 May 2009;

(ii) up to 67% of the share options granted to each grantee at any time after the expiration of 24 months from 13 May 2009; and

(iii) all the remaining share options granted to each grantee at any time after the expiration of 36 months from 13 May 2009, and in each case, not later than 12 May 2019.

2009C

(i) up to 50% of the share options granted to each grantee from 22 June 2009;

(ii) up to 75% of the share options granted to each grantee at any time after the expiration of 12 months from 22 June 2009; and

(iii) all the remaining share options granted to each grantee at any time after the expiration of 24 months from 22 June 2009, and in each case, not later than 21 June 2019.

2009D

(i) up to 50% of the share options granted to each grantee from 17 July 2009;

(ii) up to 75% of the share options granted to each grantee at any time after the expiration of 12 months from 17 July 2009; and

(iii) all the remaining share options granted to each grantee at any time after the expiration of 24 months from 17 July 2009, and in each case, not later than 16 July 2019.

37. Share-Based Payment Transactions (continued)

2006 Share Option Scheme (continued)

The estimated fair values of the 2009A, 2009B, 2009C and 2009D share options at their respective dates of grant are RMB39,173,000, RMB30,023,000, RMB168,173,000 and RMB55,132,000 respectively.

No expense was recognised in the profit or loss (2016: nil) in relation to share options granted under 2006 Share Option Scheme.

2016 Share Option Scheme

The Company's 2016 Share Option Scheme was adopted pursuant to an ordinary resolution of shareholders of the Company at the annual general meeting of the Company held on 17 June 2016 for the primary purpose of providing incentives to directors and eligible employees.

Under the Scheme, the total number of shares in respect of which share options may be granted under the 2016 Share Option Scheme is not permitted to exceed 10% of the Shares in issue at any point of time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which share options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares in issue at any point of time, without prior approval from the Company's shareholders. Share options granted to independent non-executive directors and substantial shareholders of the Company in excess of 0.1% of the Company's issued share capital and with a value in excess of HK$5,000,000 must be approved in advance by the Company's shareholders.

Share options shall only be exercised on a date on which the latest closing price per share as stated in the Stock Exchange's daily quotation sheets represents at least 30% above the exercise price and any shares under such share options shall only be issued on a date which the latest closing price per share as stated in the Stock Exchange's daily quotation sheets represents at least 30% above the exercise price. The exercise price is determined by the Board, and shall be at least the highest of (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average of the closing prices of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the shares.

On 27 December 2017, 100,000,000 share options under 2016 Share Option Scheme were granted to eligible parties, (among the options granted, 35,350,000 share options were granted to directors), representing 4.62% of the ordinary shares of the Company in issue at that date.

37. Share-Based Payment Transactions (continued)

2016 Share Option Scheme (continued)

Details of options granted on 27 December 2017 ("2017") are as follows:

	Vesting period	Exercisable period
The first 30% of the grant	From date of grant to the 1st anniversary	From the 1st anniversary to 26 December 2027
The second 30% of the grant	From date of grant to the 2nd anniversary	From the 2nd anniversary to 26 December 2027
The third 20% of the grant	From date of grant to the 3rd anniversary	From the 3rd anniversary to 26 December 2027
The fourth 10% of the grant	From date of grant to the 4th anniversary	From the 4th anniversary to 26 December 2027
The remaining 10% of the grant	From date of grant to the 5th anniversary	From the 5th anniversary to 26 December 2027

The closing prices of the Company's shares on 27 December 2017 was HK$9.10.

The fair values were calculated using the Binomial model. The inputs into the model were as follows:

	The options granted on 27 December 2017
Share price at the date of grant	HK$9.1
Exercise price	HK$9.1
Expected life	10 years
Expected volatility of the Company's share price	55.28%
Expected dividend yield	4.33%
Risk-free rates of interest	1.94%
Exercise market condition	at least 30% above the exercise price

Expected volatility was determined by using the historical volatility of the Company's share price from the listing date to the grant date. The expected dividend yield has taken into account the historical dividend yield of the Company. The risk-free interest rates are based on the yield curve fitted by market yields of the Hong Kong government bonds with similar duration to the expected life of the share option.

37. Share-Based Payment Transactions (continued)

2016 Share Option Scheme (continued)

The Binomial model has 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 Directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

The estimated fair value of the options granted on 27 December 2017 was HK$358,000,000 (approximately RMB299,753,000).

The Group has recognised the total expense of RMB1,778,000 in the profit or loss in relation to share options granted under 2016 Share Option Scheme.

Share option movement

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

Option type	Outstanding at 1/1/2017	Granted during the year	Exercised during year	Forfeited during year	Outstanding at 31/12/2017
2009A	7,374,500	-	(2,383,000)	53,000	5,044,500
2009B	3,359,000	-	-	-	3,359,000
2009C	29,238,000	-	-	-	29,238,000
2009D	15,000,000	-	-	-	15,000,000
2017	-	100,000,000	-	-	100,000,000
	54,971,500	100,000,000	(2,383,000)	53,000	152,641,500
Weighted average exercise price	HK$9.84	HK$9.10	HK$2.89	HK$2.89	HK$9.46
Exercisable at the end of the year					52,641,500
Weighted average exercise price					HK$10.15

Option type	Outstanding at 1/1/2016	Exercised during year	Forfeited during year	Outstanding at 31/12/2016
2009A	8,150,000	(775,500)	-	7,374,500
2009B	3,359,000	-	-	3,359,000
2009C	29,238,000	-	-	29,238,000
2009D	15,000,000	-	-	15,000,000
	55,747,000	(775,500)	-	54,971,500
Exercisable at the end of the year				54,971,500
Weighted average exercise price	HK$9.74	HK$2.89	-	HK$9.84

37. Share-Based Payment Transactions (continued)

Share option movement (continued)

In respect of the share options exercised during the year, the weighted average share price at the dates of exercise is HK$8.96 (2016: HK$6.59).

HK$1.00 is payable for each acceptance of grant of share options. In addition, (i) in respect of the 2009A share options, certain grantees were required to pay an option premium of HK$1.00 per share option up front; and (ii) in respect of the 2009C share options, certain grantees were required to pay an option premium of HK$3.50 per share option in three annual instalments. As at 31 December 2017, share option premiums receivable amounting to RMB62,844,000 (31 December 2016: RMB62,844,000) were included in current other receivables according to the payment terms of the share option premiums.

38. Pledge of Assets

At the end of the reporting period, the following assets were pledged to banks and other parties to secure credit facilities granted to the Group:

	2017 **RMB'000**	2016 RMB'000
Property, plant and equipment	**3,979,070**	4,930,021
Prepaid lease payment	**405,927**	236,254
Properties for development	**2,776,070**	6,003,620
Properties under development	**27,430,019**	20,956,019
Completed properties for sale	**130,095**	720,504
Investment properties	**940,000**	1,950,000
Pledged bank deposits	**5,907,338**	2,292,743
Interests in associates	**499,938**	313,989
Interests in joint ventures	**290,418**	294,596
	42,358,875	37,697,746

39. Retirement Benefits Plans

The employees of the Group's subsidiaries in the PRC are members of the state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of payroll costs to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the specified contributions.

40. Contingent Liabilities

(i) Guarantees

The Group provided guarantees of RMB30,777,464,000 (2016: RMB27,360,912,000) at 31 December 2017 to banks in favour of its customers in respect of the mortgage loans provided by the banks to those customers for the purchase of the Group's developed properties. These guarantees provided by the Group to the banks will be released upon receiving the building ownership certificates of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted.

The Group also provided guarantees to banks and other parties in respect of credit facilities utilised by the following companies:

	2017 RMB'000	2016 RMB'000
Credit guarantees provided to:		
Associates	9,300,000	5,569,483
Joint ventures	7,464,340	7,414,923
Independent third parties	–	24,000
	16,764,340	13,008,406

	2017 RMB'000	2016 RMB'000
Mortgage and charge guarantees provided to:		
Associates	–	313,989
	–	313,989
Total	16,764,340	13,322,395

Contingent liabilities arising from interests in associates at the end of the reporting period:

	2017 RMB'000	2016 RMB'000
Share of mortgage loan guarantees provided by associates to banks in favour of its customers	3,588,963	5,889,930

Contingent liabilities arising from interests in joint ventures at the end of the reporting period:

	2017 RMB'000	2016 RMB'000
Share of mortgage loan guarantees provided by joint ventures to banks in favour of its customers	4,098,424	5,176,467

The directors consider that the fair value of the above guarantees is insignificant on initial recognition and it is not probable that an outflow in settlement will be required.

41. 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 the borrowings disclosed in notes 27, 28, 29,30 and 44(ii) (net of cash and cash equivalents), and capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

42. Financial Instruments

(a) Categories of financial instruments

	2017 **RMB'000**	2016 RMB'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**69,680,192**	52,673,772
Available-for-sale investments	**983,830**	516,801
Senior notes' early redemption options	**–**	156,700
Financial liabilities		
Amortised cost	**107,642,442**	81,431,545

(b) Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investments, senior notes' early redemption options, trade and other receivables, amounts due from related parties, pledged bank deposits, bank balances and cash, trade and other payables, amounts due to related parties, bank and other borrowings, corporate debt instruments, senior notes and receipts under securitisation arrangements. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price 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. There has been no significant change in the Group's exposure to these risks or the manner in which it manages and measures risks.

42. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Market risk

(i) Currency risk

The Group has bank balances, available-for-sale investments, other receivables, amounts due from related parties, other payables, amounts due to related parties, bank and other borrowings and senior notes denominated in foreign currencies, which expose the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2017 RMB'000	2016 RMB'000	**2017 RMB'000**	2016 RMB'000
Hong Kong dollars ("HKD")	**1,039,284**	744,370	**22,122**	–
United States dollars ("USD")	**3,872,532**	1,852,586	**12,494,813**	13,897,455

The Group does not use any derivative contracts to hedge against its exposure to currency risk. The management closely monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

Sensitivity analysis

The Group is mainly exposed to the fluctuations in exchange rates between RMB and HKD/USD. The exposure in HKD/USD arises mainly from the Group's bank balances and cash, available-for-sale investments, other receivables, other payables, bank and other borrowings, senior notes and amounts due from/to related parties.

The following table details the Group's sensitivity to a 5% (2016: 5%) increase and decrease in RMB against the relevant foreign currencies. 5% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. A positive number below indicates an increase in post-tax profit and other comprehensive income where RMB strengthens 5% against the relevant currency. For a 5% weakening of RMB against the relevant currency, there would be an equal and opposite impact on post-tax profit and other comprehensive income.

	HKD Impact		USD Impact	
	2017 RMB'000	2016 RMB'000	**2017 RMB'000**	2016 RMB'000
Profit or loss	**(11,499)**	(15,661)	**323,336**	451,683
Other comprehensive income (note)	**(35,526)**	(16,337)	**–**	–

Note: This is attributable to foreign currency exposure on listed available-for-sales investments.

42. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank deposits, amounts due from/to related parties, bank and other borrowings, senior notes, corporate debt instruments and receipts under securitisation arrangements (see notes 24, 27, 28, 29, 30 and 44 for details).

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank deposits, amounts due from/to related parties and bank and other borrowings (see notes 24, 27 and 44 for details).

The Group does not use any derivative contracts to hedge against its exposure to interest rate risk.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to market deposit and lending interest rates for non-derivative instruments. For variable-rate bank deposits, bank and other borrowings and amounts due from/to related parties, the analysis is prepared assuming the balances outstanding at the end of the reporting period were outstanding for the whole year. A 5 basis point (2016: 5 basis point) increase or decrease in market deposit interest rates and a 50 basis point (2016: 50 basis point) increase or decrease in market lending interest rates represent management's assessment of the reasonably possible change in interest rates.

If the market deposit interest rates had been 5 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2017 would have increased/decreased by RMB12,216,000 (2016: increased/decreased by RMB8,950,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank deposits.

If the market lending interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2017 would have decreased/increased by RMB76,737,000 (2016: decreased/increased by RMB47,272,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank and other borrowings and amounts due from/to related parties.

42. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

(iii) Other price risk

The Group is exposed to equity price risk through its investments in listed equity securities in Hong Kong. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the reporting date.

If the prices of the equity instruments had been 10% (2016: 10%) higher/lower, investments revaluation reserve would increase/decrease by RMB71,052,000 (2016: increase/decrease by RMB32,674,000).

Credit risk

As at 31 December 2017, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from:

- the carrying amount of the respective recognised financial assets (excluding available-for-sale investments) as stated in the consolidated statement of financial position; and
- the amount of contingent liabilities disclosed in note 40.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue trade debts, other receivables and amounts due from related parties. In addition, the Group reviews the recoverable amount of each overdue debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. To minimise the credit risk arising from customer mortgage guarantees, the Group has reserved the right to collect the properties sold to customers should they default on their mortgage payments and demanded the application for building ownership certificates by customers since these guarantees provided by the Group to the banks will be released upon receiving such certificates. To minimise the credit risk arising from guarantees provided to banks and other parties in respect of credit facilities utilised by joint ventures and associates, the Group has delegated a team responsible for assessing the credit standing of such entities and the limits to the guarantees to be provided. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies or with a good reputation.

The Group's concentration of credit risk by geographical locations is mainly in the PRC. Other than the concentration of credit risk on liquid funds which are deposited with several large state-owned banks and commercial banks in the PRC, the Group does not have any other significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

42. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the 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 bank and other borrowings, senior notes, corporate debt instruments, receipts under securitisation arrangements and amounts due to related parties as a significant source of liquidity.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. 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 are based on the agreed repayment dates. The table includes both interest and principal cash flows.

Liquidity and interest risk tables

	Weighted average interest rate	On demand or less than 1 year RMB'000	1-5 years RMB'000	>5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount at 31/12/2017 RMB'000
2017						
Non-derivative financial liabilities						
Trade and other payables	–	18,477,797	1,562,879	–	20,040,676	20,040,676
Bank and other borrowings						
– fixed-rate	6.27%	6,493,870	7,673,885	410,266	14,578,021	13,076,576
– variable-rate	4.41%	8,121,623	16,623,248	1,701,831	26,446,702	24,106,089
Amounts due to related parties						
– interest-free	–	14,781,870	–	–	14,781,870	14,781,870
– fixed-rate	7.77%	14,006,681	–	–	14,006,681	12,997,036
– variable-rate	6.14%	2,246,635	–	–	2,246,635	2,116,597
Senior notes	5.88%	197,858	3,596,864	–	3,794,722	3,149,003
Corporate debt instruments	5.07%	5,746,617	12,421,542	–	18,168,159	15,782,704
Receipts under securitisation arrangements	5.29%	79,350	1,725,638	–	1,804,988	1,591,891
Financial guarantee contracts	–	47,541,804	–	–	47,541,804	–
		117,694,105	43,604,056	2,112,097	163,410,258	107,642,442

42. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity and interest risk tables (continued)

	Weighted average interest rate	On demand or less than 1 year RMB'000	1-5 years RMB'000	>5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount at 31/12/2016 RMB'000
2016						
Non-derivative financial liabilities						
Trade and other payables	–	14,880,772	1,644,638	–	16,525,410	16,525,410
Bank and other borrowings						
– fixed-rate	7.29%	7,603,334	14,286,446	976,370	22,866,150	19,888,388
– variable-rate	4.46%	4,604,569	11,986,749	1,457,118	18,048,436	16,132,925
Amounts due to related parties						
– interest-free	–	9,325,635	–	–	9,325,635	9,325,635
– fixed-rate	8.57%	7,459,179	–	–	7,459,179	6,870,472
– variable-rate	1.92%	892,761	–	–	892,761	875,980
Senior notes	6.83%	324,337	5,780,400	–	6,104,737	4,896,445
Corporate debt instruments	4.76%	332,200	6,026,197	2,073,230	8,431,627	6,916,290
Financial guarantee contracts	–	40,683,307	–	–	40,683,307	–
		86,106,094	39,724,430	4,506,718	130,337,242	81,431,545

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 non-derivative financial liabilities is subject to change if changes in variable interest rate differ from those interest rate estimates determined at the end of the reporting period.

42. Financial Instruments (continued)

(c) Fair value measurements of financial instruments

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial instrument	Fair value RMB'000	Fair value hierarchy	Valuation technique and key inputs
Listed available-for-sale investment	Assets: 710,519 (2016: Assets: 326,743)	Level 1	Quoted bid prices in an active market.
Senior notes' early redemption options	Assets: nil (2016: Assets: 156,700)	Level 2	Black bond option pricing model: The strike price in the option is the pre-determined redemption price that must be paid to the senior notes holder when redemption. The underlying asset of the bond call option is the remaining cash flow of the senior notes, which is a forward bond with same remaining cash flow of the senior notes since redemption date.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values:

	2017		2016	
	Carrying amount of liability component RMB'000	**Fair value RMB'000**	Carrying amount of liability component RMB'000	Fair value RMB'000
Financial liabilities				
Senior notes (Level 2)	**3,149,003**	**3,371,909[1]**	4,896,445	5,343,861[1]
Corporate debt instruments (Level 2)	**15,782,704**	**15,754,165[1]**	6,916,290	7,091,200[1]
Receipts under securitisation arrangements (Level 2)	**1,591,891**	**1,600,000[1]**	–	–

[1] Based on quoted price

There were no transfer into or out of level 2 during both years.

43. RECONCILIATION OF LIABILITIES ARISING FROM FINANCIAL ACTIVITIES

The tables below details change in the Group's liabilities arising from financing activities, including both cash and non-cash change. Liabilities arising from financing activities are those for which cash flow were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank and other borrowings RMB'000 note 27	Senior notes RMB'000 note 28	Corporate debt instruments RMB'000 note 29	Receipts under securitisation arrangement RMB'000 note 30	Amount due to related parties RMB'000 note 44(ii)	Dividend RMB'000	Total RMB'000
At 1 January 2017	36,021,313	4,896,445	6,916,290	–	17,072,087	–	64,906,135
Financing cash flows	(388,387)	(1,855,364)	8,185,733	1,551,817	12,795,848	(1,407,352)	18,882,295
Acquisition of subsidiaries (note 33)	1,035,000	–	–	–	625,464	–	1,660,464
Disposal of subsidiaries (note 34)	(549,234)	–	–	–	(1,399,174)	–	(1,948,408)
Foreign exchange translation	(737,119)	(258,162)	–	–	–	–	(995,281)
Interest expenses	1,801,092	366,084	680,681	40,074	829,822	–	3,717,753
Dividends declared	–	–	–	–	–	1,407,352	1,407,352
Transfer to held for sales (note 25)	–	–	–	–	(28,544)	–	(28,544)
At 31 December 2017	37,182,665	3,149,003	15,782,704	1,591,891	29,895,503	–	87,601,766

44. Related Party Disclosures

(i) During the year, in addition to those disclosed in other notes to the consolidated financial statements, the Group entered into the following transactions with related parties:

	2017 RMB'000	2016 RMB'000
Sale of materials to joint ventures and associates (note)	5,094	1,480
Construction service income from associates (note)	–	1,286
Construction service income from joint ventures (note)	–	1,283
Construction consulting service income from joint ventures and associates (note)	–	652
Rental expenses paid/payable to Shareholders' Companies	9,109	10,177
Purchases from joint ventures	604	210
Purchase of investment property from a joint ventures (note)	150,000	–
Interior decoration service fees paid/payable to:		
– associates (note)	–	5,595
– Shareholders' Companies	2,471	–
Property management fees paid/payable to Shareholders' Companies	–	147,785
Interest income arising from amounts due from:		
– associates (note)	379,838	318,955
– joint ventures (note)	105,631	196,239
– non-controlling shareholders	48,522	6,984
Interest expense arising from amounts due to:		
– associates (note)	503,240	323,860
– joint ventures (note)	109,018	34,003
– non-controlling shareholders	368,321	141,253
– Shareholders' Companies	27,071	28,127
Advertising expenses paid/payable to Shareholders' Companies	70,000	70,000
Comprehensive service income from joint ventures and associates (note)	74,881	17,907
Hotel management fees paid/payable to Shareholders' Companies	–	3,909
Hotel service income from associates (note)	288	24
Interior decoration service income from:		
– joint ventures and associates (note)	449,912	465,035
– Shareholders' Companies	827	6
Healthcare service fee to Shareholders' Companies	867	1,567
Landscape construction fee to associates (note)	35,866	54,191
Educational services framework fee to Shareholders' Companies	757	–

Note: The transactions with associates and joint ventures are presented gross before elimination of unrealised profits or losses attributable to the Group.

The transactions above are presented net of taxes.

The directors considered that the transactions above were carried out in accordance with the terms agreed with the counterparties.

Mr SONG Weiping, Mr SHOU Bainian, Ms XIA Yibo and CCCG are each a "Shareholder", and collectively the "Shareholders", of the Company. Shareholders' Companies represent companies owned by the Shareholders and affiliates.

44. Related Party Disclosures (continued)

(ii) As at the end of the reporting period, the Group had balances with related parties, which are all unsecured, as follows:

	2017						
	Project-related		Non-project related		Sub Total		
	Interest bearing RMB'000	Non-interest bearing RMB'000	Interest bearing RMB'000	Non-interest bearing RMB'000	Interest bearing RMB'000	Non-interest bearing RMB'000	Total RMB'000
Due from Shareholders' Companies	–	35,148	–	923	–	36,071	36,071
Non-controlling shareholders	1,738,993	10,282,891	–	31,420	1,738,993	10,314,311	12,053,304
Associates	5,255,245	2,571,773	–	–	5,255,245	2,571,773	7,827,018
Joint ventures	1,071,535	7,332,763	–	–	1,071,535	7,332,763	8,404,298
Officers	–	25,193	–	–	–	25,193	25,193
Shareholder	–	–	–	800	–	800	800
	8,065,773	20,247,768	–	33,143	8,065,773	20,280,911	28,346,684
Due to Shareholders' Companies	600,086	4,210	–	7,388	600,086	11,598	611,684
Non-controlling shareholders	8,929,816	5,379,046	–	–	8,929,816	5,379,046	14,308,862
Associates	2,207,621	7,818,463	–	–	2,207,621	7,818,463	10,026,084
Joint ventures	3,376,110	1,546,406	–	–	3,376,110	1,546,406	4,922,516
Officers	–	–	–	7,545	–	7,545	7,545
Shareholder	–	–	–	18,812	–	18,812	18,812
	15,113,633	14,748,125	–	33,745	15,113,633	14,781,870	29,895,503

	2016						
	Project-related		Non-project related		Sub Total		
	Interest bearing RMB'000	Non-interest bearing RMB'000	Interest bearing RMB'000	Non-interest bearing RMB'000	Interest bearing RMB'000	Non-interest bearing RMB'000	Total RMB'000
Due from Shareholders' Companies	–	60,356	–	921	–	61,277	61,277
Non-controlling shareholders	1,810,100	5,733,317	–	31,311	1,810,100	5,764,628	7,574,728
Associates	3,774,621	5,318,520	–	–	3,774,621	5,318,520	9,093,141
Joint ventures	1,871,437	5,204,340	–	–	1,871,437	5,204,340	7,075,777
Officers	–	27,980	–	–	–	27,980	27,980
Shareholder	–	–	–	59,085	–	59,085	59,085
	7,456,158	16,344,513	–	91,317	7,456,158	16,435,830	23,891,988
Due to Shareholders' Companies	341,555	6,373	–	3,236	341,555	9,609	351,164
Non-controlling shareholders	3,314,597	1,352,675	–	–	3,314,597	1,352,675	4,667,272
Associates	2,010,897	5,242,633	–	–	2,010,897	5,242,633	7,253,530
Joint ventures	2,079,403	2,520,442	–	–	2,079,403	2,520,442	4,599,845
Officers	–	–	–	23,000	–	23,000	23,000
Shareholder	–	–	–	177,276	–	177,276	177,276
	7,746,452	9,122,123	–	203,512	7,746,452	9,325,635	17,072,087

44. Related Party Disclosures (continued)

(ii) As at the end of the reporting period, the Group had balances with related parties, which are all unsecured, as follows: (continued)

In respect of project-related balances with related parties:

(a) The trade balances due from officers arise mainly from property sales.

(b) The trade balances due from Shareholders' Companies are mainly construction receivables and trade receivables.

Construction receivables are billed according to the construction contracts and are settled within one to two months after the construction cost incurred are verified and agreed.

Trade receivables arise mainly from materials sales and are with a normal credit terms of two months.

(c) The project-related balances due from non-controlling shareholders are mainly prepaid distributions. The project-related balances due from joint ventures/associates are mainly project advances to these joint ventures/associates and are tied to the project development cycle. In the opinion of the directors, these balances are expected to be settled when the projects concerned commence pre-sales.

(d) The trade balances due to officers are mainly pre-sale deposits.

(e) The amounts due to Shareholders' Companies arise mainly from loan of a CCCG's fellow subsidiary.

(f) The project-related balances due to non-controlling shareholders are mainly project advances from these non-controlling shareholders and are tied to the project development cycle. In the opinion of the directors, these balances are repayable on demand and are expected to be settled when the projects concerned commence pre-sales.

(g) The project-related balances due to joint ventures/associates are mainly prepaid distributions.

The non-project related balances with related parties are mainly unsecured advances and repayable on demand.

The non-interest bearing balances due from (to) shareholder are consideration receivable (payable) and will receive (pay) on schedule. The maximum outstanding amount of amount due from shareholder is RMB59,085,000 both in 2017 and 2016. The other non-interest bearing balances due from (to) related parties are unsecured and repayable on demand.

44. Related Party Disclosures (continued)

(ii) As at the end of the reporting period, the Group had balances with related parties, which are all unsecured, as follows: (continued)

The key terms of the interest bearing balances due from (to) related parties are as follows:

(a) The project-related amounts due from non-controlling shareholders of RMB1,533,793,000 (2016: RMB1,810,100,000) at 31 December 2017 carried interest at a variable rate of 5.46% (2016: 0.35% to 4.79%) per annum.

(b) The project-related amounts due from non-controlling shareholders of RMB205,200,000 (2016: RMB nil) at 31 December 2017 carried interest at a fixed rate of 1.50% (2016: nil) per annum.

(c) The project-related amounts due from associates of RMB823,340,000 (2016: RMB nil) at 31 December 2017 carried interest at a variable rate of 5.46% (2016: nil) per annum.

(d) The project-related amounts due from associates of RMB4,431,905,000 (2016: RMB3,774,621,000) at 31 December 2017 carried interest at fixed rates ranging from 1.30% to 7.50% (2016: 5.39% to 17.00%) per annum.

(e) The project-related amounts due from joint ventures of RMB144,876,000 (2016: RMB nil) at 31 December 2017 carried interest at a variable rate of 7.50% (2016: 6.00% to 10.00%) per annum.

(f) The project-related amounts due from joint ventures of RMB926,659,000 (2016: RMB1,871,437,000) at 31 December 2017 carried interest at fixed rates ranging from 6.43% to 8.80% (2016: 6.00% to 10.00%) per annum.

(g) The project-related amounts due to non-controlling shareholders of RMB2,061,001,000 (2016: RMB206,241,000) at 31 December 2017 carried interest at a variable rate of 6.30% (2016: 7.00%) per annum.

(h) The project-related amounts due to non-controlling shareholders of RMB6,868,815,000 (2016: RMB3,108,356,000) at 31 December 2017 carried interest at fixed rates ranging from 5.50% to 9.00% (2016: 5.00% to 11.50%) per annum.

(i) The project-related amounts due to associates of RMB55,596,000 (2016: RMB287,908,000) at 31 December 2017 carried interest at a variable rate of 0.35% (2016: 0.35%) per annum.

(j) The project-related amounts due to associates of RMB2,152,025,000 (2016: RMB1,722,989,000) at 31 December 2017 carried interest at fixed rates ranging from 5.46% to 10.98% (2016: 10.00% to 10.98%) per annum.

(k) The project-related amounts due to joint ventures of RMB3,376,110,000 (2016: RMB1,697,573,000) at 31 December 2017 carried interest at fixed rates ranging from 1.50% to 7.40% (2016: 6.66% to 7.40%) per annum.

(l) The project-related amounts due to Shareholder’s Companies of RMB600,086,000 (2016: RMB341,555,000) at 31 December 2017 carried interest at a fixed rate of 7.50% (2016: 7.50%) per annum.

44. Related Party Disclosures (continued)

(iii) (a) During the year, in addition to those disclosed in note 33, the Group made acquisitions from related parties as follows:

	2017 RMB'000	2016 RMB'000
Purchase of additional interests in subsidiaries from non-controlling shareholders of subsidiaries and a shareholder	**928,100**	1,093,881

2017:

On 21 April 2017, the Group entered into an agreement with a non-controlling shareholder to acquire 40% equity interest in Zhoushan Greentown Weilanhai'an Real Estate Development Co., Ltd. ("Zhoushan Greentown Weilanhai'an") for a consideration of RMB18,000,000.

On 21 April 2017, the Group entered into an agreement with a non-controlling shareholder to acquire 40% equity interest in Zhoushan Greentown Weilanhai'an Hotel Management Co., Ltd. for a consideration of RMB8,000,000.

On 31 October 2017, the Group entered into a series of agreements with a non-controlling shareholder to acquire 40% equity interest in Wenzhou Greentown Jiajing Real Estate Development Co., Ltd., 40% equity interest in Wenzhou Greentown Real Estate Development Co., Ltd., 20% equity interest in Wenzhou Greentown Real Estate Co., Ltd. and 10% equity interest in Wenzhou Lvjing Real Estate Co., Ltd. respectively for a total consideration of RMB736,100,000.

On 27 November 2017, the Group entered into an agreement with a non-controlling shareholder to acquire 40% equity interest in Wenzhou Jingyang Real Estate Co., Ltd. for a consideration of RMB136,000,000.

On 22 December 2017, the Group entered into an agreement with a non-controlling shareholder to acquire 40% equity interest in Greentown Hotel Assets Management Co., Ltd. for a consideration of RMB30,000,000.

2016:

On 25 June 2016, the Group entered into an agreement with four non-controlling shareholders and a shareholder to acquire total 64.6% equity interest in Hangzhou Bluetown Zhixin Construction Management Group Co., Ltd. ("Hangzhou Zhixin") for a total consideration of approximately RMB925,500,000.

On 30 August 2016, the Group entered into an agreement with a non-controlling shareholder to acquire 40% equity interest in Hengji Daqing Real Estate Development Co., Ltd ("Greentown Hengji Daqing") for a consideration of RMB168,381,000.

44. Related Party Disclosures (continued)

(iii) (b) During the year, the Group made disposals to related parties as follows:

	2017 RMB'000	2016 RMB'000
Disposal of subsidiaries to non-controlling shareholders	**898**	–
Partial disposal of interests in a subsidiary to non-controlling shareholders	**128,616**	50,500

2017:

In July 2017, the Group entered into an agreement to dispose of its 51% equity interest in Hangzhou Greentown Hengyu Environment Design Co., Ltd. for a cash consideration of RMB898,000 to a non-controlling shareholder.

In February 2017, the Group entered into an agreement to dispose of its 30% equity interest in Hangzhou Lvjiu Qi'ao Real Estate Co., Ltd. for a cash consideration of RMB30,000,000 to a non-controlling shareholder.

In December 2017, the Group entered into an agreement to dispose of its 12.36% equity interest in Greentown Decoration Project Group for a cash consideration of RMB98,616,000 to a non-controlling shareholder.

2016:

In November 2016, the Group entered into an agreement to dispose of its 33% equity interest in Lin'an Jinji Real Estate Development Co., Ltd. ("Lin'an Jinji") for a cash consideration of RMB50,500,000 to a non-controlling shareholder.

(c) On 28 March 2017, the Group entered into the framework agreement with China Harbour Engineering Company Ltd and CCCG Overseas Real Estate Pte. Ltd., non-wholly owned subsidiaries of the CCCG, Pursuant to which the parties will jointly develop a piece of land in Jakarta, Indonesia, on a 10.1%,69.7% and 20.2% ownership basis respectively, into residential and commercial properties. The framework agreement was passed on the board of directors held on 24 March 2017 and the joint venture company, which constituted an associate of the Company, was established in March 2017.

On 4 February 2016, the Group entered into a framework agreement with a subsidiary of CCCG and a subsidiary of Wharf, pursuant to which the parties will jointly develop a piece of land in the Jiangtai Xiang, Chaoyang District of Beijing, the PRC, on a 50%, 10% and 40% ownership basis, into residential properties. The framework agreement was passed at an extraordinary general meeting held on 31 May 2016 and the joint venture company, which constituted a subsidiary of the Company, was established in February 2016.

On 26 July 2016, the Group entered into a framework agreement with CCCC Real Estate Co., Ltd., a wholly-owned subsidiary of CCCG, pursuant to which the parties will jointly develop a piece of land in Beijing, the PRC, on a 85% and 15% ownership basis, into residential properties. The framework agreement was passed at an extraordinary general meeting held on 21 October 2016.

44. Related Party Disclosures (continued)

(iii) (c) (continued)

On 11 October 2016, Zhejiang Lvjiu entered into a framework agreement with an independent third party, pursuant to which the Group and the independent third party will jointly develop a piece of land in Xiaoshan District of Hangzhou, Zhejiang province of the PRC, on a 70% and 30% ownership basis, into residential properties. The framework agreement was passed at an extraordinary general meeting held on 29 December 2016 and the joint venture company, which constituted a subsidiary of the Company, was established in August 2016.

(d) On 27 December 2017, Greentown Real Estate entered into an acquisition agreement with Shareholder's Companies, Greentown Holdings and Football Club, pursuant to which Greentown Real Estate agreed to acquire and Greentown Holdings agreed to sell 50% equity interest in Football Club at the consideration of RMB331,370,000. The consideration for the acquisition will be satisfied in part by Greentown Real Estate transferring the entire equity interest in Hangzhou Rose Garden Resort and in part in cash. Please refer to note 25 for details.

On 27 June 2016, a subsidiary ("Investor") of the Group entered into a cornerstone placing agreement with Greentown Service Group Co., Ltd. ("Issuer"), a company owned by certain shareholders of the Company, and Merrill Lynch International, BOCI Asia Limited, Credit Suisse (Hong Kong) Limited and Haitong International Securities Company Limited ("Joint Global Coordinators"), pursuant to which the Investor has conditionally agreed to acquire the Issuer's shares at a fixed consideration amounted to approximately HKD305,550,000 (approximately RMB240,000,000). The transaction was completed on 12 July 2016 after the IPO price and number of shares to be acquired were finalised and the Investor has subscribed for 138,888,000 shares of the Issuer.

(iv) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2017 RMB'000	2016 RMB'000
Short-term benefits	**43,311**	43,529
Post-employment benefits	**212**	200
	43,523	43,729

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

45. Statement of Financial Position of the Company

	2017 RMB'000	2016 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	**162**	167
Investment in subsidiaries	**1,713,006**	280,346
	1,713,168	280,513
CURRENT ASSETS		
Other receivables	**97,283**	98,485
Amounts due from subsidiaries and related parties	**19,914,459**	21,249,338
Bank balances and cash	**157,921**	587,253
	20,169,663	21,935,076
CURRENT LIABILITIES		
Other payables	**97,356**	119,062
Amounts due to related parties	**9,769,180**	7,173,117
Other taxes payable	**7,161**	7,161
Bank and other borrowings	**1,381,201**	707,574
	11,254,898	8,006,914
NET CURRENT ASSETS	**8,914,765**	13,928,162
TOTAL ASSETS LESS CURRENT LIABILITIES	**10,627,933**	14,208,675
NON-CURRENT LIABILITIES		
Bank and other borrowings	**5,826,096**	6,242,260
Senior notes	**3,149,003**	4,896,445
	8,975,099	11,138,705
	1,652,834	3,069,970
CAPITAL AND RESERVES		
Share capital	**209,240**	209,034
Reserves (note)	**1,443,594**	2,860,936
	1,652,834	3,069,970

Note:

The movement of the reserves of the Company is as follows:

	RMB'000
At 1 January 2016	3,783,458
Loss for the year	(924,385)
Exercise of share options	1,863
At 31 December 2016	2,860,936
Loss for the year	(1,424,879)
Exercise of share options	7,537
At 31 December 2017	1,443,594

46. Events after the end of the Reporting Period

The following significant events took place subsequent to 31 December 2017:

On 29 January 2018, the Group entered into a framework agreement with Wharf Group and other parties thereto in relation to develop a piece of land in Xiaoshan district of Hangzhou, The PRC, into residential properties by Zhejiang Lvjiu. Pursuant to the framework agreement, the Group will transfer the entire equity interest of Hangzhou Zhiqian Investment Co., Ltd., a wholly-owned subsidiary of the Company, to Zhejiang Lvjiu. The above piece of land is owned indirectly by Hangzhou Zhiqian Investment Co., Ltd. through its wholly-owned subsidiary.

On 1 February 2018, the Group entered into a framework agreement with CCCC Investment Co., Ltd. and CCCC Southwest Investment and Development Co., Ltd. wholly-owned subsidiaries of CCCG, pursuant to which the parties will jointly register a company, on a 45%, 46% and 9% ownership basis respectively, for carrying out the preliminary works of the China Agricultural Expo Town Project in Chengdu, jointly building characteristic towns, pastoral complexes and other projects.

47. Particulars of Principal Subsidiaries of the Company

(i) Particulars of the principal subsidiaries as at 31 December 2017 and 2016 are set out below:

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/ voting rights held by the Company				Principal activities	Legal form
			Direct		Indirect			
			2017	2016	2017	2016		
綠城管理控股有限公司 Greentown Management Holdings Company Limited	Cayman Islands 12 December 2016	HKD0.03	100%	100%	–	–	Investment management	Wholly foreign-owned enterprise
綠城房地產集團有限公司 Greentown Real Estate	The PRC 6 January 1995	RMB2,000,000,000	–	–	100%	100%	Real estate development	Wholly foreign-owned enterprise
新疆俊發綠城房地產開發有限公司 Xinjiang Junfa Greentown Real Estate Development Co., Ltd.	The PRC 16 January 2008	RMB211,079,000	–	–	50% (note i)	50% (note i)	Real estate development	Limited liability company
北京亞奥綠城房地產開發有限公司 Beijing Ya'ao Greentown Real Estate Development Co., Ltd.	The PRC 19 August 2008	RMB50,000,000	–	–	50% (note i)	50% (note i)	Real estate development	Limited liability company
杭州休博園湖畔綠景休閑開發有限公司 Hangzhou Xiuboyuan Hupan Lvjing Xiuxian Development Co., Ltd.	The PRC 2 April 2008	RMB120,000,000	–	–	50% (note i)	50% (Note i)	Real estate development	Limited liability company
杭州綠城九龍倉置業有限公司 Hangzhou Greentown Wharf Real Estate Co., Ltd.	The PRC 20 February 2014	USD 210,000,000	–	–	50% (note i)	50% (note i)	Real estate development	Wholly foreign-owned enterprise
臨安金基房地產開發有限公司 Lin'an Jinji	The PRC 22 March 2004	RMB140,000,000	–	–	18% (note i)	18% (note i)	Real estate development	Limited liability company

47. Particulars of Principal Subsidiaries of the Company (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2017 and 2016 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/ voting rights held by the Company Direct 2017	Direct 2016	Indirect 2017	Indirect 2016	Principal activities	Legal form
北京亮馬置業有限公司 Beijing Liangma Real Estate Co., Ltd.	The PRC 26 February 2016	RMB100,000,000	–	–	50% (note i)	50% (note i)	Real estate development	Limited liability company
湖南青竹湖國際商務社區開發有限公司 Hunan Bamboo Lake International Business Community Development Co., Ltd.	The PRC 26 September 2003	RMB50,600,000	–	–	49% (note ii)	49% (note ii)	Real estate development	Limited liability company
浙江綠城天臺山蓮花度假村有限公司 Zhejiang Greentown Tiantaishan Lianhua Resort Co., Ltd.	The PRC 8 August 2011	RMB170,000,000	–	–	100%	100%	Real estate development	Limited liability company
舟山綠城房地產開發有限公司 Zhoushan Greentown Real Estate Development Co., Ltd.	The PRC 16 December 1999	RMB100,000,000	–	–	100%	100%	Real estate development	Limited liability company
北京陽光綠城房地產開發有限公司 Beijing Sunshine Greentown Real Estate Development Co., Ltd.	The PRC 11 January 2001	RMB50,000,000	–	–	80%	80%	Real estate development	Limited liability company
杭州余杭綠城房地產開發有限公司 Hangzhou Yuhang Greentown Real Estate Development Co., Ltd.	The PRC 12 November 1999	RMB30,000,000	–	–	64%	64%	Real estate development	Limited liability company
杭州余杭金騰房地產開發有限公司 Hangzhou Yuhang Jinteng Real Estate Development Co., Ltd.	The PRC 25 December 2001	RMB100,000,000	–	–	85%	85%	Real estate development	Limited liability company
青島綠城華川置業有限公司 Qingdao Greentown Huachuan Real Estate Co., Ltd.	The PRC 21 August 2007	RMB517,765,000	–	–	80%	80%	Real estate development	Sino-foreign equity joint venture
寧波太平洋實業有限公司 Ningbo Pacific Real Estate Co., Ltd.	The PRC 11 July 2003	USD29,000,000	–	–	60%	60%	Real estate development	Foreign equity joint venture
台州吉利嘉苑房地產開發有限公司 Taizhou Jilijiayuan Real Estate Development Co., Ltd.	The PRC 15 October 2001	RMB40,000,000	–	–	55%	55%	Real estate development	Limited liability company

47. Particulars of Principal Subsidiaries of the Company (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2017 and 2016 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/ voting rights held by the Company Direct 2017	Direct 2016	Indirect 2017	Indirect 2016	Principal activities	Legal form
杭州綠城海企投資管理有限公司 Hangzhou Greentown Haiqi Investment Co., Ltd.	The PRC 23 November 2007	RMB1,000,000,000	–	–	100%	100%	Hotel Service, Investment	Limited liability company
杭州金馬房地產有限公司 Hangzhou Golden Horse Real Estate Development Co., Ltd.	The PRC 22 October 1992	USD50,000,000	–	–	51%	51%	Real estate development	Foreign equity joint venture
浙江報業綠城房地產開發有限公司 Zhejiang Newspapering Greentown Real Estate Development Co., Ltd.	The PRC 7 July 2008	RMB1,200,000,000	–	–	100%	100%	Real estate development	Wholly foreign-owned enterprise
杭州綠城北盛置業有限公司 Hangzhou Greentown Beisheng Real Estate Co., Ltd.	The PRC 1 December 2009	RMB530,000,000	–	–	100%	100%	Real estate development	Wholly foreign-owned enterprise
杭州千島湖綠城投資置業有限公司 Hangzhou Qiandaohu Real Estate Investment Co., Ltd.	The PRC 15 June 2005	RMB30,000,000	–	–	80%	80%	Real estate development	Limited liability company
南京天浦置業有限公司 Nanjing Tianpu Real Estate Co., Ltd.	The PRC 21 November 2002	RMB50,000,000	–	–	70%	70%	Real estate development	Limited liability company
浙江嘉和實業有限公司 Zhejiang Jiahe Industrial Co., Ltd.	The PRC 25 April 1995	RMB50,000,000	–	–	100%	100%	Real estate development	Limited liability company
安徽綠城玫瑰園房地產開發有限公司 Anhui Greentown Rose Garden Real Estate Development Co., Ltd.	The PRC 23 December 2009	RMB200,000,000	–	–	100%	100%	Real estate development	Limited liability company
舟山市普陀綠城房地產開發有限公司 Zhoushan Putuo Greentown Real Estate Co., Ltd.	The PRC 5 November 2009	RMB50,000,000	–	–	90%	90%	Real estate development	Limited liability company
舟山市普陀綠城實業投資有限公司 Zhoushan Putuo Greentown Industry Investment Co., Ltd.	The PRC 5 November 2009	RMB100,000,000	–	–	100%	100%	Real estate development	Limited liability company

47. Particulars of Principal Subsidiaries of the Company (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2017 and 2016 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/ voting rights held by the Company Direct 2017	Direct 2016	Indirect 2017	Indirect 2016	Principal activities	Legal form
城建中稷(浙江)實業發展有限公司 City-Urban Construction (Zhejiang) Industrial Development Co., Ltd.	The PRC 5 February 2005	RMB160,000,000	–	–	97%	97%	Real estate development	Limited liability company
舟山市明程房地產開發有限公司 Zhoushan Mingcheng Real Estate Development Co., Ltd.	The PRC 31 October 2005	RMB10,000,000	–	–	97%	97%	Real estate development	Limited liability company
舟山市乾源房地產開發有限公司 Zhoushan Qianyuan Real Estate Development Co., Ltd.	The PRC 31 October 2005	RMB10,000,000	–	–	97%	97%	Real estate development	Limited liability company
河南錦江置業有限公司 Henan Jinjiang Real Estate Co., Ltd.	The PRC 8 August 2002	RMB80,000,000	–	–	100%	100%	Real estate development	Limited liability company
海南綠城高地投資有限公司 Hainan Greentown Gaodi Investment Co., Ltd.	The PRC 15 November 2007	RMB60,000,000	–	–	51%	51%	Real estate development	Limited liability company
杭州綠城玉園房地產開發有限公司 Hangzhou Greentown Yuyuan Real Estate Development Co., Ltd.	The PRC 11 November 2009	RMB1,300,000,000	–	–	100%	100%	Real estate development	Wholly foreign-owned enterprise
大連綠城房地產開發有限公司 Dalian Greentown Real Estate Development Co., Ltd.	The PRC 11 November 2008	RMB120,000,000	–	–	80%	80%	Real estate development	Limited liability company
青島綠城膠州灣房地產開發有限公司 Qingdao Jiaozhouwan Real Estate Development Co., Ltd.	The PRC 25 November 2009	USD100,000,000	–	–	100%	100%	Real estate development	Wholly foreign-owned enterprise
新泰綠城置業有限公司 Xintai Greentown Real Estate Co., Ltd.	The PRC 12 January 2010	RMB98,000,000	–	–	70%	70%	Real estate development	Limited liability company
大連綠城置業有限公司 Dalian Greentown Real Estate Co., Ltd.	The PRC 15 March 2010	RMB100,000,000	–	–	90%	90%	Real estate development	Limited liability company

47. Particulars of Principal Subsidiaries of the Company (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2017 and 2016 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/ voting rights held by the Company Direct 2017	Direct 2016	Indirect 2017	Indirect 2016	Principal activities	Legal form
德清綠城房地產開發有限公司 Deqing Greentown Real Estate Development Co., Ltd.	The PRC 1 February 2010	RMB100,000,000	-	–	100%	100%	Real estate development	Limited liability company
紹興綠城金昌置業有限公司 Shaoxing Greentown Jinchang Real Estate Co., Ltd.	The PRC 6 November 2009	RMB100,000,000	-	–	51%	51%	Real estate development	Limited liability company
杭州銀嘉房地產開發有限公司 Hangzhou Yinjia Real Estate Development Co., Ltd.	The PRC 17 September 2003	RMB100,000,000	-	–	56%	56%	Real estate development	Limited liability company
台州綠城泰業房地產開發有限公司 Taizhou Greentown Taiye Real Estate Development Co., Ltd.	The PRC 18 February 2011	RMB130,000,000	-	–	51%	51%	Real estate development	Limited liability company
新疆鴻遠投資有限公司 Xinjiang Hongyuan Investment Co., Ltd.	The PRC 22 January 2003	RMB42,500,000	-	–	60%	60%	Real estate development	Limited liability company
慈溪綠城房地產發展有限公司 Cixi Greentown Property Development Co., Ltd.	The PRC 7 July 2011	RMB98,000,000	-	–	100%	100%	Real estate development	Limited liability company
浙江建德綠城置業有限公司 Zhejiang Jiande Greentown Real Estate Co., Ltd.	The PRC 6 December 2013	RMB608,000,000	-	–	100%	100%	Real estate development	Limited liability company
杭州綠城東友房產開發有限公司 Hangzhou Greentwon Dongyou Real Estate Development Co., Ltd.	The PRC 11 January 2013	RMB500,000,000	-	–	100%	100%	Real estate development	Sino-foreign equity joint venture
臨安綠城置業有限公司 Lin'an Greentown Real Estate Co., Ltd.	The PRC 2 July 2009	RMB50,000,000	-	–	100%	100%	Real estate development	Limited liability company
諸暨市越都置業有限公司 Zhuji Yuedu Real Estate Co., Ltd.	The PRC 31 October 2008	RMB300,000,000	-	–	90%	90%	Real estate development	Limited liability company
新昌綠城佳園房地產開發有限公司 Xinchang Greentown Jiayuan Real Estate Development Co., Ltd.	The PRC 25 February 2014	RMB100,000,000	-	–	80%	80%	Real estate development	Limited liability company

47. Particulars of Principal Subsidiaries of the Company (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2017 and 2016 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/ voting rights held by the Company Direct 2017	Direct 2016	Indirect 2017	Indirect 2016	Principal activities	Legal form
淄博綠城置業有限公司 Zibo Greentown Real Estate Co., Ltd.	The PRC 25 March 2014	RMB500,000,000	–	–	100%	100%	Real estate development	Wholly foreign-owned enterprise
湖州新錦江房地產開發有限公司 Huzhou Xinjinjiang Real Estate Development Co., Ltd.	The PRC 3 February 2004	RMB50,000,000	–	–	100%	100%	Real estate development	Limited liability company
新昌綠城置業有限公司 Xinchang Greentown Real Estate Co., Ltd.	The PRC 12 December 2006	RMB72,600,000	–	–	90%	90%	Real estate development	Limited liability company
北京興業萬發房地產開發有限公司 Beijing Xingye Wanfa Real Estate Development Co., Ltd.	The PRC 26 October 2000	RMB50,000,000	–	–	100%	100%	Real estate development	Limited liability company
上海華浙外灘置業有限公司 Shanghai Huazhe Bund Real Estate Co., Ltd.	The PRC 26 September 2002	RMB50,000,000	–	–	51%	51%	Real estate development	Limited liability company
綠城房地產建設管理集團有限公司 Greentown Project Management Group	The PRC 21 March 2012	RMB200,000,000	–	–	100%	100%	Project management	Limited liability company
綠城時代城市建設發展有限公司 Greentown Shidai	The PRC 17 September 2012	RMB50,000,000	–	–	100%	100%	Project management	Limited liability company
浙江宏順房地產開發有限公司 Zhejiang Hongshun Real Estate	The PRC 11 March 2008	RMB100,000,000	–	–	80%	80%	Real estate development	Limited liability company
綠城恒基(大慶)置業有限公司 Greentown Hengji Daqing	The PRC 30 August 2011	RMB250,000,000	–	–	100%	100%	Real estate development	Limited liability company
杭州藍城致信建設管理有限公司 Hangzhou Zhixin	The PRC 8 September 2016	RMB1,050,000,000	–	–	100%	100%	Project management	Wholly foreign-owned enterprise
奉化綠城地產開發有限公司 Fenghua Greentown	The PRC 5 November 2013	RMB100,000,000	–	–	80%	80%	Real estate development	Limited liability company
寧波軌道交通寧興置業有限公司 Railway Transportation Ningxing	The PRC 30 December 2015	RMB204,900,000	–	–	51%	51%	Real estate development	Limited liability company

47. Particulars of Principal Subsidiaries of the Company (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2017 and 2016 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/ voting rights held by the Company Direct 2017	Direct 2016	Indirect 2017	Indirect 2016	Principal activities	Legal form
浙江綠城元和房地產開發有限公司 Zhejiang Yuanhe	The PRC 4 May 2009	RMB60,000,000	–	–	85%	85%	Real estate development	Limited liability company
溫州綠城置業有限公司 Wenzhou Greentown Real Estate Co., Ltd.	The PRC 21 May 2007	RMB915,000,000	–	–	100% (note iii)	80%	Real estate development	Sino-foreign equity joint venture
溫州綠景置業有限公司 Wenzhou Lvjing Real Estate Co., Ltd.	The PRC 26 November 2007	RMB915,000,000	–	–	100% (note iii)	90%	Real estate development	Sino-foreign equity joint venture
溫州綠城房地產開發有限公司 Wenzhou Greentown Real Estate Development Co., Ltd.	The PRC 15 February 2007	RMB768,000,000	–	–	100% (note iii)	60%	Real estate development	Sino-foreign equity joint venture
溫州綠城家景房地產開發有限公司 Wenzhou Greentown Jiajing Real Estate Development Co., Ltd.	The PRC 21 May 2007	RMB386,000,000	–	–	100% (note iii)	60%	Real estate development	Sino-foreign equity joint venture
溫州景楊置業有限公司 Wenzhou Jingyang Real Estate Co., Ltd.	The PRC 19 July 2010	RMB340,000,000	–	–	100% (note iii)	60%	Real estate development	Sino-foreign equity joint venture
舟山綠城蔚藍海岸房地產開發有限公司 Zhoushan Greentown Weilanhai'an	The PRC 6 May 2008	RMB50,000,000	–	–	100% (note iii)	60%	Real estate development	Limited liability company
臨海綠城泰業房地產開發有限公司 Linhai Greentown Taiye Real Estate Development Co., Ltd. ("Linhai Greentown Taiye")	The PRC 20 January 2014	RMB125,000,000	–	–	100% (note iv)	80%	Real estate development	Limited liability company
綠城裝飾工程集團有限公司 Greentown Decoration Project Group	The PRC 25 September 1993	RMB250,000,000	–	–	88% (note v)	100%	Real estate development	Limited liability company
杭州玫瑰園度假村有限公司 Hangzhou Rose Garden Resort	The PRC 15 August 2006	RMB184,410,000	–	–	100% (note vi)	100%	Real estate development	Limited liability company
柳州綠城房地產開發有限公司 Liuzhou Greentown	The PRC 7 May 2014	RMB80,000,000	–	–	65% (note vi)	65%	Real estate development	Limited liability company

47. Particulars of Principal Subsidiaries of the Company (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2017 and 2016 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/ voting rights held by the Company Direct 2017	Direct 2016	Indirect 2017	Indirect 2016	Principal activities	Legal form
成都浙中大地產有限公司 Chengdu Zhezhongda	The PRC 23 January 2013	RMB380,000,000	–	–	60% (note vii)	–	Real estate development	Limited liability company
西安新鴻業投資發展有限公司 Xi'an Xinhongye	The PRC 6 June 2003	RMB200,000,000	–	–	83% (note vii)	–	Real estate development	Limited liability company
山東省永隆裝飾工程有限公司 Shandong Yonglong	The PRC 20 January 1998	RMB30,000,000	–	–	70% (note vii)	–	Design and decoration	Limited liability company
天津綠城全運村建設開發有限公司 Tianjin National Games Village	The PRC 27 November 2014	RMB2,500,000,000	–	–	41% (note viii)	41% (note viii)	Real estate development	Limited liability company
杭州綠城朝陽置業有限公司 Hangzhou Greentown Chaoyang Real Estate Co., Ltd.	The PRC 28 December 2017	RMB100,000,000	–	–	100% (note ix)	–	Real estate development	Limited liability company
北京綠城銀石置業有限公司 Beijing Yinshi	The PRC 20 February 2008	RMB50,000,000	–	–	– (note x)	100%	Real estate development	Limited liability company
北京萊福世紀置業有限公司 Beijing Laifu Century	The PRC 24 April 2007	RMB30,000,000	–	–	– (note x)	100%	Real estate development	Limited liability company
馬鞍山偉華置業發展有限公司 Ma'anshan Weihua	The PRC 11 June 2012	RMB106,000,000	–	–	– (note x)	70%	Real estate development	Limited liability company
養生堂浙江千島湖房地產有限公司 Yangshengtang Zhejiang Qiandaohu Real Estate Co., Ltd.	The PRC 24 January 2005	RMB200,000,000	–	–	– (note xi)	51%	Real estate development	Limited liability company
慈溪綠城房地產開發有限公司 Cixi Greentown Real Estate Development Co., Ltd.	The PRC 27 July 2009	RMB98,000,000	–	–	– (note xi)	60%	Real estate development	Limited liability company
寧波高新區研發園綠城建設有限公司 Ningbo Gaoxinqu Yanfayuan Greentown Construction Co., Ltd.	The PRC 21 August 2003	RMB50,000,000	–	–	– (note xi)	60%	Real estate development	Sino-foreign equity joint venture

47. Particulars of Principal Subsidiaries of the Company (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2017 and 2016 are set out below: (continued)

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Notes:

(i) The Group has the right to appoint a majority of directors to the board of directors. Hence the Group has the power over these entities and has the ability to use its power to affect its returns. Therefore, these entities are accounted for as subsidiaries of the Group.

(ii) The entity is a subsidiary of non-wholly owned subsidiaries of the Group.

(iii) The Group acquired additional equity interest in these subsidiaries from their non-controlling shareholder in 2017. Please refer to note 44(iii) for details.

(iv) The Group acquired additional 20% equity interest in Linhai Greentown Taiye from its non-controlling shareholder in 2017.

(v) The Group partial disposed of its 12.36% equity interest in Greentown Decoration Project Group to a non-controlling shareholder in 2017. Please refer to note 44(iii) for details.

(vi) As at 31 December 2017, the disposals of Liuzhou Greentown and Hangzhou Rose Garden Resort have not been completed, as such, the assets and liabilities attributable to Liuzhou Greentown and Hangzhou Rose Garden Resort that are expected to be sold within 12 months have been classified as disposal groups held for sale. Please refer to note 25 for details.

(vii) These companies became subsidiaries of the Group in 2017 as the Group acquired equity interests in it. Please refer to note 33 for details.

(viii) Tianjin National Games Village became a 40.8%-owned subsidiary of the Group in 2017. Tianjin National Games Village was previously classified as a joint venture. Please refer to note 33 for details.

(ix) These companies were newly established in 2017.

(x) The Group disposed of equity interests in these companies in 2017. Please refer to note 34 for details.

(xi) These companies were liquidated in 2017.

(ii) Details of Non-wholly owned subsidiaries that has material non-controlling interests.

The table below shows details of non-wholly-owned subsidiaries of the Group that has material non- controlling interests:

Name of subsidiary	Place of incorporation and Principal place of business	Proportion of ownership interest and voting rights held by non-controlling		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2017	2016	**2017**	2016	**2017**	2016
				RMB'000	RMB'000	**RMB'000**	RMB'000
Tianjin National Games Village (note)	The PRC	**41%**	41%	**106,726**	–	**3,499,444**	–

Note: Tianjin National Games Village became a 40.8%-owned subsidiary of the Group in 2017. Please refer to note 33 for details.

47. Particulars of Principal Subsidiaries of the Company (continued)

(ii) Details of non-wholly owned subsidiaries that have material non-controlling interests. (continued)

Summarised financial information of Tianjin National Games Village is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	2017 RMB'000
Current assets	24,289,929
Non-current assets	2,657
Current liabilities	16,062,029
Non-current liabilities	1,905,821
Equity attributable to owners of the Company	2,825,292
Non-controlling interests of Tianjin National Games Village	3,499,444

	Period from 13 November 2017 (acquisition date) to 31 December 2017 RMB'000
Revenue	5,915,523
Expenses	5,646,997
Profit and total comprehensive for the year	180,280
Profit and total comprehensive attributable to owners of the Company	73,554
Profit and total comprehensive attributable to the non-controlling interests of Tianjin National Games Village	106,726
Dividends paid to non-controlling interests of Tianjin National Games Village	–
Net cash inflow from operating activities	189,514
Net cash inflow from investing activities	–
Net cash inflow from financing activities	–
Net cash inflow	189,514

Definition

In this annual report, unless the context otherwise requires, the following expressions have the following meanings:

2006 Share Option Scheme	The share option scheme adopted by a resolution of the shareholders of the Company on 22 June 2006
Bluetown	Bluetown Property Construction Management Group Co., Ltd.* (藍城房產建設管理集團有限公司), formerly known as Greentown Property Construction Management Co., Ltd. (綠城房產建設管理有限公司), a former subsidiary of the Company
Board	The Board of Directors of the Company
CCCC	China Communications Construction Company Limited, a joint stock limited company incorporated in the PRC with limited liability, whose H shares and A shares are listed on the Stock Exchange and the Shanghai Stock Exchange respectively
CCCG	China Communications Construction Group (Limited) (中國交通建設集團有限公司), a wholly state-owned company established in the PRC and a substantial Shareholder of the Company
Company/Greentown/ Greentown China	Greentown China Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
Directors	The directors of the Company
GFA	Gross floor area
Greentown Asset Management	Greentown Asset Management Group Co., Ltd.* (綠城資產管理集團有限公司), a company established in the PRC and a wholly owned subsidiary of the Company
Greentown Group	Greentown China Holdings Limited and its subsidiaries together with its joint ventures and associates
Greentown Ideal Life	Greentown Ideal Life Technology Co., Ltd.* (綠城理想生活科技有限公司), a company established in the PRC and a wholly owned subsidiary of the Company
Greentown Real Estate	Greentown Real Estate Group Co., Ltd.* (綠城房地產集團有限公司), a company established in the PRC and a wholly owned subsidiary of the Company
Greentown Project Management	Greentown Real Estate Project Management Group Co., Ltd.* (綠城房地產建設管理集團有限公司), a company established in the PRC and a wholly owned subsidiary of the Company
Greentown Town Development	Greentown Ideal Town Construction Group Co., Ltd.* (綠城理想小鎮建設集團有限公司), a company established in the PRC and a wholly owned subsidiary of the Company
Group	Greentown China Holdings Limited and its subsidiaries

Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
PRC/China	The People's Republic of China
SFO	Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong
Share Option Scheme	The share option scheme adopted by a resolution of the shareholders of the Company on 17 June 2016
Shares	The shares of the Company
sqm	Square metres
Stock Exchange/HKEx	The Stock Exchange of Hong Kong Limited
Wharf	The Wharf (Holdings) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00004)
Year	The year ended 31 December 2017

* *For identification purposes only*

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