



首創置業股份有限公司
BEIJING CAPITAL LAND LTD.

Stock Code: 2868

創造都市新生活

Create New Urban Life
Annual Report
2018



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CORPORATE INFORMATION

DIRECTORS

Non-Executive Director

Mr. Li Songping (*Chairman*)

Executive Directors

Mr. Zhong Beichen (*President*)

Mr. Li Xiaobin

Mr. Hu Weimin

Mr. Fan Shubin

Non-Executive Director

Mr. Su Jian

Independent Non-Executive Directors

Mr. Li Wang

Mr. Wong Yik Chung, John

Mr. Liu Xin

AUDIT COMMITTEE

Mr. Wong Yik Chung, John (*Chairman*)

Mr. Li Wang

Mr. Liu Xin

REMUNERATION COMMITTEE

Mr. Liu Xin (*Chairman*)

Mr. Li Songping

Mr. Wong Yik Chung, John

NOMINATION COMMITTEE

Mr. Liu Xin (*Chairman*)

Mr. Li Songping

Mr. Wong Yik Chung, John

STRATEGIC COMMITTEE

Mr. Li Songping (*Chairman*)

Mr. Zhong Beichen

Mr. Liu Xin

SUPERVISORS

Mr. Deng Wenbin

Ms. Tang Yanan

Mr. Jiang Hebin

SECRETARY OF THE BOARD OF DIRECTORS

Ms. Qin Yi

COMPANY SECRETARY

Mr. Lee Sze Wai

AUTHORISED REPRESENTATIVES

Mr. Zhong Beichen

Mr. Lee Sze Wai

REGISTERED OFFICE

Room 3071, 3/F Office, Block 4,
No. 13 Kaifang East Road, Huairou District,
Beijing, PRC

BEIJING HEADQUARTERS

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No. 2, Guang Ning Bo Street,
Beijing, PRC

HONG KONG OFFICE

Suites 4602-05,
One Exchange Square, Central, Hong Kong

WEBSITE

<http://www.bjcapitalland.com>

AUDITORS

PricewaterhouseCoopers Zhong Tian LLP

LEGAL ADVISERS

As to Hong Kong law:
Norton Rose Fulbright Hong Kong

As to PRC law:
JunZeJun Law Office

PRINCIPAL BANKERS

China Construction Bank
Agricultural Bank of China
China Merchants Bank
Bank of China
Bank of Communications
Industrial Bank
Industrial and Commercial Bank of China
The Hong Kong and Shanghai Banking Corporation
China Development Bank

LISTING INFORMATION



STOCK CODE FOR H SHARE

Hong Kong Stock Exchange	2868
Reuters	2868.HK
Bloomberg	2868HK

BOARD LOT SIZE

H Share	2,000
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H SHARE REGISTRAR

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

Telephone: (852) 2862 8628

Fax: (852) 2529 6087

LISTED BOND INFORMATION

Hong Kong Stock Exchange

Security Code

USD450,000,000 7.125% Senior Perpetual Capital Securities	5848
USD400,000,000 3.875% guaranteed notes due 2020	5362
USD400,000,000 3.875% guaranteed notes due 2021	4412

Shanghai Stock Exchange

Security Code

RMB3,000,000,000 4.58% corporate bonds by public offering due 2020	122376
RMB700,000,000 6.10% corporate bonds by private placement due 2019	135383
RMB2,300,000,000 4.20% corporate bonds by private placement due 2021	135384
RMB2,300,000,000 5.70% corporate bonds by private placement due 2019	135521
RMB1,700,000,000 4.26% corporate bonds by private placement due 2021	135522
RMB1,510,000,000 5.90% corporate bonds by private placement due 2019	135636
RMB1,000,000,000 3.84% corporate bonds by private placement due 2021	135637
RMB1,000,000,000 5.70% corporate bond by private placement due 2021	150278
RMB2,000,000,000 5.84% corporate bonds by private placement due 2023	150279
RMB1,500,000,000 5.80% corporate bonds by private placement due 2021	150540
RMB500,000,000 5.94% corporate bonds due by private placement in 2023	150541
RMB2,500,000,000, 4.89% corporate bonds by public offering due 2023	143812
RMB1,500,000,000 4.16% corporate bonds by public offering due 2021	155071
RMB1,000,000,000 4.50% corporate bonds by public offering due 2023	155072

INVESTOR RELATIONS CONTACT

Email address: ir@bjcapitalland.com.cn

LISTING INFORMATION

H SHARE INFORMATION

	Year 2018			Year 2017		
	Price High (HK\$)	Low (HK\$)	Total Trading Volume (No. of Shares)	Price High (HK\$)	Low (HK\$)	Total Trading Volume (No. of Shares)
First Quarter	5.51	3.88	392,753,849	4.02	2.91	350,454,748
Second Quarter	4.82	3.17	244,174,810	3.98	3.30	213,570,938
Third Quarter	3.61	2.77	222,168,269	4.97	3.62	277,156,635
Fourth Quarter	3.14	2.47	151,558,857	4.80	3.74	131,117,800

Closing share price as at 31 December 2014: HK\$2.94.

Closing share price as at 31 December 2015: HK\$3.48.

Closing share price as at 31 December 2016: HK\$2.91.

Closing share price as at 29 December 2017: HK\$4.06.

Closing share price as at 31 December 2018: HK\$2.81.

FINANCIAL HIGHLIGHTS



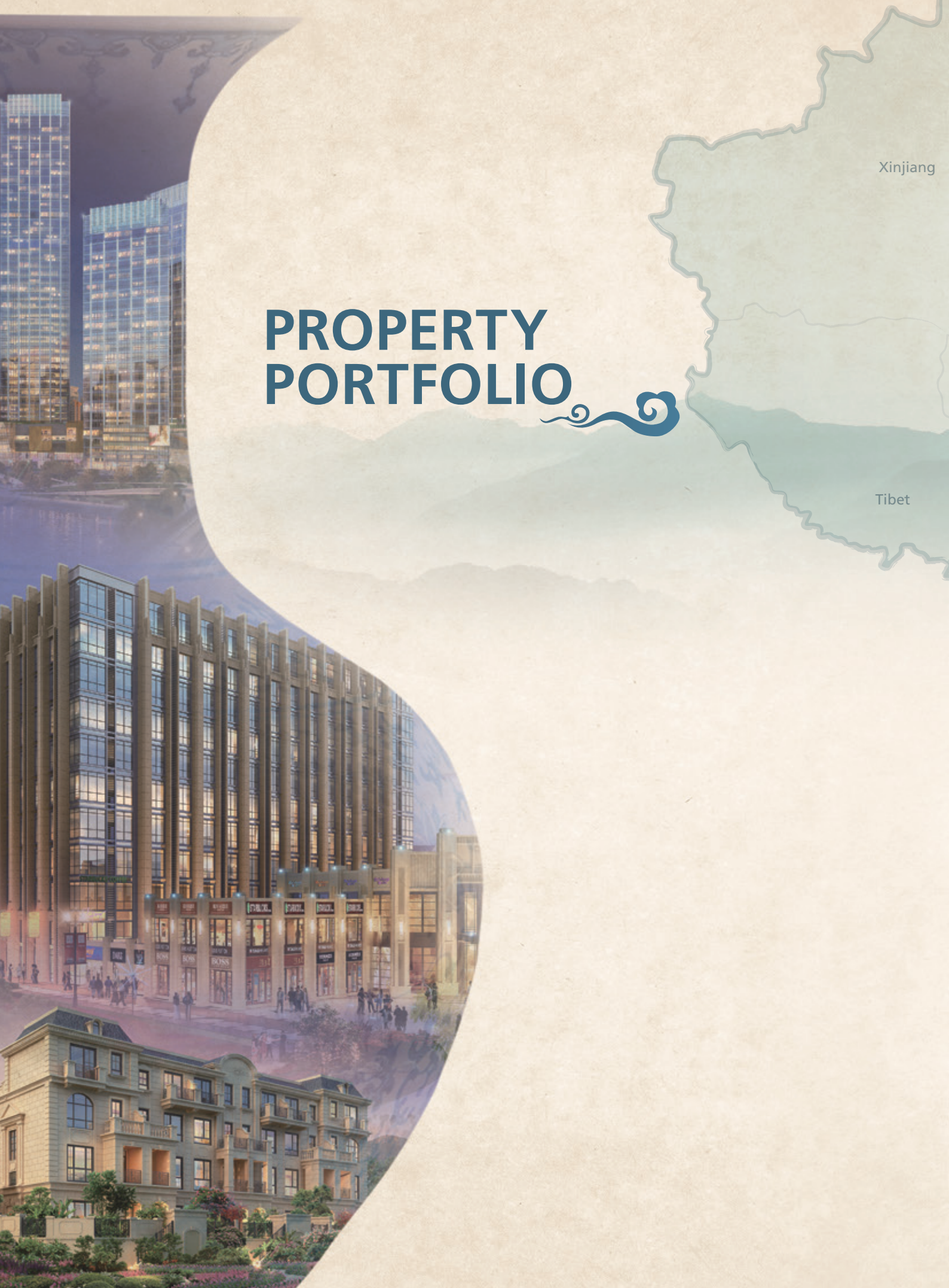
FIVE YEAR FINANCIAL SUMMARY NOTE 1

(in RMB'000 unless otherwise stated)

Year ended 31 December	2018	2017	2016 (Restated)	2015 (Restated)	2014
Revenue	23,257,053	21,292,040	20,349,404	16,000,519	10,165,843
Total profit	3,159,963	3,839,317	3,938,468	3,985,486	3,120,949
Income tax expenses	(742,874)	(1,042,520)	(1,074,474)	(1,022,018)	(726,694)
Net profit	2,417,089	2,796,797	2,863,994	2,963,468	2,394,255
Attributable to:					
Equity holders of the Company	1,922,932	2,112,580	2,017,558	2,056,050	1,820,267
Non-controlling interests	494,157	684,217	846,436	907,418	573,988
	2,417,089	2,796,797	2,863,994	2,963,468	2,394,255
As at 31 December	2018	2017	2016 (Restated)	2015 (Restated)	2014
Total assets	169,716,823	141,421,169	119,459,640	107,791,948	80,697,226
Total liabilities	131,516,141	109,489,636	91,908,938	82,134,092	57,916,333
Net assets	38,200,682	31,931,533	27,550,702	25,657,856	22,780,893

Note:

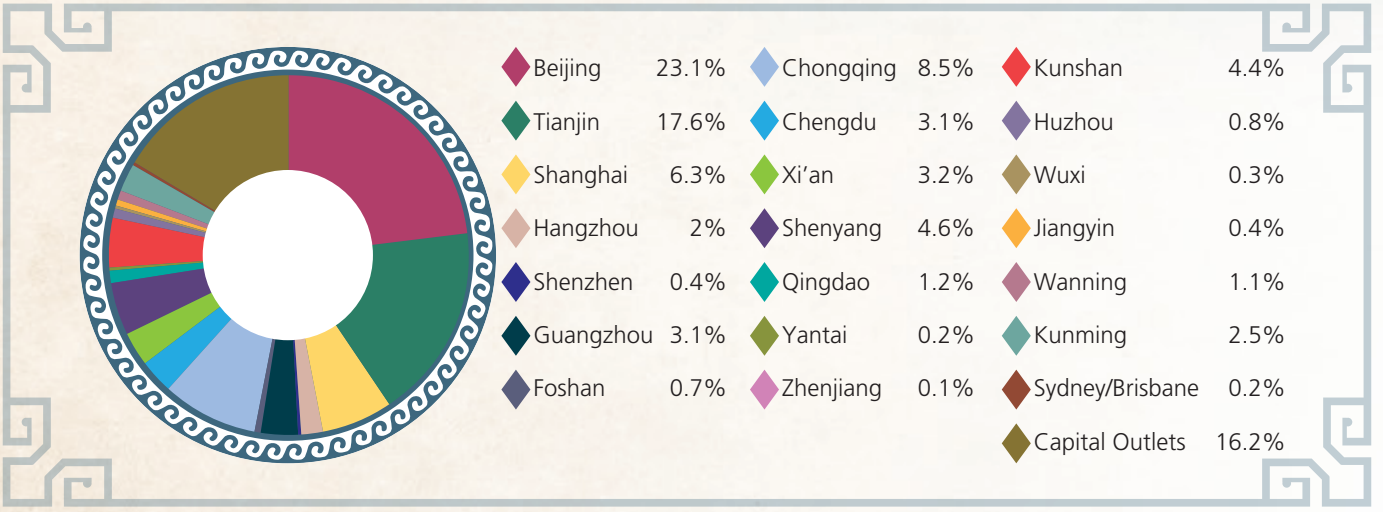
1. The table summarises the results, assets and liabilities of the Group.
2. The figures presented are prepared in accordance with Accounting Standards for Business Enterprises or CAS of PRC.
3. The Group completed the transactions of business combination involving enterprises under common control in 2017, and the financial information of the Group for the year ended 31 December 2016 and 2015 were restated accordingly. The financial information of the Group for the year ended 31 December 2017 and 2014 were not restated. The published results and the statement of assets and liabilities may not comparable.



PROPERTY PORTFOLIO

Xinjiang

Tibet



INVESTMENT PROPERTIES

Project	Location	Type	Attributable Interest	Site Area of Land (sq.m.)	Total GFA		Total Above Ground GFA of Land Bank (sq.m.)
					of Land Bank (sq.m.)	of Land Bank (sq.m.)	
1	Fangshan Capital Outlets	Fangshan District, Beijing	Commercial	71.79%	90,766	196,490	196,490
2	Huzhou Capital Outlets	Taihu Lake Resort, Huzhou, Zhejiang Province	Commercial	71.79%	214,317	54,700	54,700
3	Wanning Capital Outlets	Liji Town, Wanning District, Hainan Province	Commercial	55%	199,807	103,200	103,200
4	Kunshan Capital Outlets	The East New Town, Kunshan, Jiangsu Province	Commercial	71.79%	93,026	100,530	100,530
5	Nanchang Capital Outlets	Nanchang, Jiangxi Province	Commercial		86,987	158,070	158,070
	Site A			71.79%	56,833	129,700	129,700
	Site B			28.72%	30,153	28,370	28,370
6	Hangzhou Capital Outlets	Fuyang District, Hangzhou, Zhejiang Province	Commercial	71.79%	101,691	112,280	112,280
7	Wuhan Capital Outlets	East Lake High-tech Development Zone, Wuhan, Hubei Province	Commercial	71.07%	89,757	107,560	107,560
8	Changsha Capital Outlets	Xiangjiang New District, Changsha, Hunan Province	Commercial	21.54%	71,850	112,070	112,070
9	Xi'an Capital Outlets	Xi'an Hi-Tech Industries Development Zone, Xi'an, Shaanxi Province	Commercial	71.79%	81,301	118,840	118,840
10	Zhengzhou Capital Outlets	Zhengzhou, Henan Province	Commercial	71.79%	80,790	96,580	96,580
11	Jinan Capital Outlets	Tangye New Town, Licheng District, Jinan, Shandong Province	Commercial	71.79%	114,929	121,520	121,520
12	Hefei Capital Outlets	Binhu New Area, Hefei, Anhui Province	Commercial	71.79%	87,913	96,270	96,270
13	Chongqing Capital Outlets	Lujiao New Town, Banan District, Chongqing	Commercial	71.79%	74,349	110,560	110,560
14	Kunming Capital Outlets	Wuhua District, Kunming, Yunnan Province	Commercial	61.02%	67,920	136,040	136,040
15	Qingdao Capital Outlets	Qingdao High-tech Zone, Shandong Province	Commercial	71.79%	93,972	97,130	97,130
16	Nanning Capital Outlets	Xingning district, Nanning, Guangxi Zhuang Autonomous Region	Commercial	71.79%	101,974	137,800	137,800
17	Xiamen Capital Outlets	Xiang 'an District, Xiamen, Fujian Province	Commercial	71.79%	55,657	128,480	128,480
18	Beijing Haidian Yongfeng Industrial Base Project Site B2	Haidian District, Beijing	Office/Apartment	50%	59,750	96,029	63,141
19	Sunshine Building	Xicheng District, Beijing	Office/ Commercial	35%	8,840	52,095	34,163
20	Capital Group Plaza	Dongcheng District, Beijing	Office/ Commercial	100%	7,069	48,431	35,867



DEVELOPMENT PROPERTY

Project	Project Name	Location	Type	Attributable Interest	Site Area of Land (sq.m.)	Total GFA		Total Above Ground GFA
						of Land Bank (sq.m.)	of Land Bank (sq.m.)	
21	Beijing Hujialou Project	Xanadu	Chaoyang District, Beijing	Residential/Commercial	100%	34,163	54,126	40,167
22	Beijing Haidian Yongfeng Industrial Base Project Site F1	Capital of Western Village	Haidian District, Beijing	Residential/Apartment/Commercial/Office	100%	65,219	70,044	37,050
23	Beijing Haidian Yongfeng Industrial Base Project Site B2		Haidian District, Beijing	Office/Commercial	50%	59,750	36,372	36,372
24	Beijing Haidian Taipingzhuang Project	Opus Beijing	Haidian District, Beijing	Residential/Apartment	25%	5,379	369	369
25	Lize Financial Business District Project		Fengtai District, Beijing	Office/Apartment		26,352	31,364	29,812
	Lize Site F02				50%	15,963	13,011	13,011
	Lize Site F05	Tian Yue Mansion			100%	10,389	18,353	16,801
26	Beijing Chaoyang Sunhe Town Xidian Village Project	Xi Rui Chun Qiu	Chaoyang District, Beijing	Residential	50%	90,394	183,886	144,821
27	Beijing Chaoyang Sunhe Town Beidian West Village Project	Tian Rui Chen Zhang	Chaoyang District, Beijing	Residential	20%	53,526	128,058	50,140
28	Beijing Chaoyang Tuofangyang Project	One LiangMa	Chaoyang District, Beijing	Residential/Commercial	10%	61,023	162,035	106,993
29	Beijing Zhaoquanying Site F1-01 Project	Passion World	Shunyi District, Beijing	Apartment/Commercial	100%	27,121	4,520	4,520
30	Beijing Zhaoquanying Site No. 4 Project	Enjoyable Trees	Shunyi District, Beijing	Residential/Apartment	100%	104,345	100,751	60,079
31	Beijing Zhaoquanying Site No. 2 Project	Enjoyable Bay	Shunyi District, Beijing	Residential/Apartment/Commercial	100%	114,154	109,267	68,884
32	Beijing Shunyi No. 17 Project	Xanadu Mountain	Shunyi District, Beijing	Residential/Apartment	100%	85,056	53,701	42,706
33	Beijing Zhaoquanying Site F2-01 Project		Shunyi District, Beijing	Apartment/Commercial	100%	17,277	43,407	34,507
34	Beijing Shunyi Renhe Town Project	Golden Future	Shunyi District, Beijing	Residential/Commercial	14.55%	40,669	331	331
35	Beijing Shunyi New Town Block No. 26 Project	Capital Park #26	Shunyi District, Beijing	Residential/Commercial	12.50%	88,702	36,147	30,304
36	Beijing Miyun Yunfeng Shanzhuang Project	Beijing Landscape Villa	Miyun District, Beijing	Residential	100%	334,855	67,927	56,121
37	Beijing Miyun New Town Project	The Happiness	Miyun District, Beijing	Residential/Commercial	100%	56,254	36,539	12,020

PROPERTY PORTFOLIO

Project	Project Name	Location	Type	Attributable Interest	Site Area of Land (sq.m.)	Total GFA of Land Bank (sq.m.)	Total Above Ground GFA of Land Bank (sq.m.)	
38	Beijing Miyun New Town Block No. 0102 Project	Lang Garden	Miyun District, Beijing	Residential/Commercial	24%	13,868	18,454	9,128
39	Beijing Miyun Tanying Town Project		Miyun District, Beijing	Residential/Commercial	100%	60,999	83,626	43,686
40	Beijing Pinggu Changchunyuan Project	Glory Mansion	Pinggu District, Beijing	Residential/Commercial	25%	220,878	192,036	43,872
41	Beijing Pinggu Jinhai Lake Hanzhuang Village Project		Pinggu District, Beijing	Apartment/Commercial/Office	100%	176,100	220,758	150,270
42	Beijing Pinggu Jinhai Lake World Leisure Congress Project		Pinggu District, Beijing	Commercial	49%	48,800	49,100	36,500
43	Beijing Fangshan Gaojiao Park Project	Nobles Mansion	Fangshan District, Beijing	Residential/Apartment/Commercial	100%	56,138	61,442	38,777
44	Beijing Huang Xin Zhuang Project	Ealing	Fangshan District, Beijing	Residential	95%	114,166	137,707	100,115
45	Beijing Fangshan Liangxiang Project	The Great City	Fangshan District, Beijing	Residential/Commercial/Office	11.1%	53,579	125,659	86,542
46	Beijing Daxing Sun Village Project	Enjoyable City	Daxing District, Beijing	Residential/Apartment/Commercial	100%	61,512	32,484	28,573
47	Beijing Daxing Huang Village Project		Daxing District, Beijing	Apartment/Commercial	100%	84,213	174,278	133,974
48	Beijing Daxing Yinghai Site	Grand Harmony Emerald Residence	Daxing District, Beijing	Residential/Commercial	30%	75,065	247,153	91,811
49	Beijing Daxing Yizhuang Site	Sino Ocean	Daxing District, Beijing	Residential/Commercial/Office	50%	76,286	240,771	186,122
50	Shanghai Yingpu Street Community Project	The Happiness	Qingpu District, Shanghai	Residential/Commercial	100%	204,781	333,962	238,044
51	Shanghai Qingpu Xujing Project	Xanadu	Qingpu District, Shanghai	Residential	100%	17,048	30,109	17,493
52	Shanghai Yangpu Pingliang Project	Capital of Vision	Yangpu District, Shanghai	Residential/Commercial/Office	100%	32,360	44,721	24,998
53	Shanghai Zhoupu Project		Pudong New Area, Shanghai	Residential	51%	69,433	190,484	120,796
54	Shanghai Xinchang Project	Xana Shine	Pudong New Area, Shanghai	Residential	50%	56,887	106,876	61,221
55	Shanghai Jiading Project	The Great City	Jiading District, Shanghai	Residential/Commercial	60%	123,090	38,643	



Project	Project Name	Location	Type	Attributable Interest	Site Area of Land (sq.m.)	Total GFA		Total Above Ground GFA of Land Bank (sq.m.)
						of Land Bank (sq.m.)	of Land Bank (sq.m.)	
56	Shanghai Minhang Huajing Town Site	Minhang District, Shanghai	Residential	100%	18,049	48,144		32,048
57	Tianjin Shuangang No. 121 Project	Fortune Class	Jinnan District, Tianjin	Residential/Apartment/Commercial/Office	55%	255,038	66,787	60,594
58	Tianjin Shuangang No. 122 Project	Tianjin – A-Z Town	Jinnan District, Tianjin	Residential	55%	183,511	867	0
59	Tianjin Huaming Project	Noble City	Dongli District, Tianjin	Residential/Apartment/Commercial	40%	271,830	70,800	70,800
60	Tianjin Xiqing Project	Landing House	Xiqing District, Tianjin	Residential/Office	40%	151,596	17,100	17,100
61	Tianjin Hongni River Project	Tianjin Capital City	Jinnan District, Tianjin	Residential/Commercial	100%	257,093	129,467	29,091
62	Tianjin MTR Project	Tian Yue River	Hebei District, Tianjin	Residential/Apartment/Commercial/Office	100%	66,888	234,311	162,736
63	Tianjin Beiyunhe Project	Grand Canal Milestone	Hebei District, Tianjin	Residential/Apartment/Commercial	100%	62,817	209,856	127,999
64	Tianjin Zhongshanlu Project	Metropolis	Hebei District, Tianjin	Residential/Commercial/Office	100%	22,455	84,472	69,467
65	Tianjin Xinzhuang No. 5 Project	Poetic Life	Jinnan District, Tianjin	Residential	20%	82,164	3,605	4,105
66	Tianjin Hongxianli Project	North Shore Center	Hongqiao District, Tianjin	Residential/Commercial/Office	25%	106,920	93,246	71,906
67	Tianjin Youzhichang Project	Xana Garden	Hongqiao District, Tianjin	Residential/Commercial	100%	38,704	41,530	41,530
68	Tianjin Xiqing Zhongbei Town Project	Xana Capital	Xiqing District, Tianjin	Residential	50%	41,175	44,640	44,640
69	Tianjin Beichen Liuyuan No. 1 Site	Oriental Mansion	Beichen District, Tianjin	Residential	24.7%	129,903	242,280	242,280
70	Tianjin Beichen Liuyuan No. 2 Site	188 Long Chau Road	Beichen District, Tianjin	Residential	17.5%	98,263	158,951	158,951
71	Tianjin Wuqing Project	International Peninsula	Wuqing District, Tianjin	Residential/Commercial/Office		1,755,838	812,489	720,702

PROPERTY PORTFOLIO

Project	Project Name	Location	Type	Attributable Interest	Site Area of Land (sq.m.)	Total GFA of Land Bank (sq.m.)	Total Above Ground GFA of Land Bank (sq.m.)	
	Site 08-02			100%	171,418	20,754	20,754	
	Site 01-05			100%	193,496	15,762	15,762	
	Site 03-02			100%	174,948	21,312	21,312	
	Site 04-02			100%	187,396	49,253	49,253	
	Site 07-02			100%	49,871	19,249	19,249	
	Site 06-09			100%	401,601	34,471	34,471	
	Site 07-08			100%	24,584	18,387	18,387	
	Jingzhu Square			100%	18,103	18,101	18,101	
	Site 03-06/03-07			30%	164,005	166,858	166,858	
	Site 01-01			50%	132,169	177,562	177,562	
	Site 06-02			50%	92,906	84,762	84,762	
	Site 02-02			50%	145,341	186,018	94,231	
72	Shenzhen Longhua Project	Capital Longhua Center	Longhua District, Shenzhen	Apartment/Commercial/Office	100%	9,519	43,496	43,496
73	Guangzhou Zengcheng Shiweilu Project		Zengcheng District, Guangdong, Guangzhou	Residential/Commercial	51%	40,778	135,408	93,362
74	Guangzhou Zengcheng Lichengjie Project		Zengcheng District, Guangdong, Guangzhou	Residential/Commercial	20%	85,336	248,789	248,789
75	Guangdong Foshan Shishan Town Project		Nanhai District, Foshan, Guangdong	Residential/Commercial	100%	25,001	84,313	64,080
76	Hangzhou Yuhang Project		Yuhang District, Hangzhou, Zhejiang Province	Residential/Commercial	100%	85,897	127,192	127,192
77	Hangzhou Yuhe New City Project		Gongshu District, Hangzhou, Zhejiang	Residential/Commercial	36%	40,488	116,684	87,484
78	Chongqing Hongensi Project	Hong'en International Living District	Jiangbei District, Chongqing	Residential/Commercial	100%	229,314	63,703	357
79	Chongqing Xiyong Project	Chongqing Eco Village	Shapingba District, Chongqing	Residential/Apartment/Commercial	96.39%	146,394	116,514	23,178
80	Chongqing Jialingchang Project	Chongqing Capital City	Shapingba District, Chongqing	Residential/Commercial	30.40%	218,303	468,959	273,418
81	Chongqing Dapingquan Project		Yuzhong District, Chongqing	Residential/Apartment/Commercial	33.00%	14,447	79,881	58,699
82	Chongqing Nan'an Chayuan Project		Nan'an District, Chongqing	Residential/Commercial	100%	95,092	180,899	138,224



Project	Project Name	Location	Type	Attributable Interest	Site Area of Land (sq.m.)	Total GFA		Total Above Ground GFA of Land Bank (sq.m.)
						of Land Bank (sq.m.)	of Land Bank (sq.m.)	
83	Chongqing Xipeng Project	Jiulongpo District, Chongqing	Residential/Commercial	30%	67,855	156,115		117,370
84	Chengdu Shengli Village Project	Chengdu First City Chenghua District, Chengdu, Sichuan Province	Residential/Commercial	100%	78,171	15,726		15,726
85	Chengdu Qinglongchang Project	Chengdu Eco Village Chenghua District, Chengdu, Sichuan Province	Residential/Commercial	100%	87,312	94,137		31,372
86	Chengdu Huaxin Village Project	Galaxy No.1 Jinjiang District, Chengdu, Sichuan Province	Residential/Commercial	67.50%	95,663	73,044		28,905
87	Chengdu 68 Mailbox Project	Chengdu The Palace No. 68 Chenghua District, Chengdu, Sichuan Province	Residential/Commercial	100%	50,836	60,020		20,932
88	Chengdu Tianfu New Area Project	Xanadu Jinjiang Tianfu New Area District, Chengdu, Sichuan Province	Residential/Commercial	100%	48,322	139,841		100,100
89	Xi'an Feng-cheng Road Project	Xi'an First City Xi'an Economic and Technology Development Zone, Shaanxi Province	Residential/Commercial/ Office	71.79%	355,909	401,510		251,180
90	Shenyang Shenyang Road Project	Shenyang First City Hunnan New District, Shenyang, Liaoning Province	Residential/Apartment/ Commercial	30%	175,348	45,629		20,822
91	Shenyang Yinhe Wan Project	Qipan Hills First Villa Qi Pan Shan District, Shenyang, Liaoning Province	Residential/Commercial	50%	420,317	316,325		301,125
92	Shenyang Shenzhong Street Project	Shenyang Eco Village Hunnan New District, Shenyang, Liaoning Province	Residential/Commercial	100%	194,249	140,862		88,755
93	Shenyang Hupowan Project	Legendary Bay Project Qi Pan Shan District, Shenyang, Liaoning Province	Residential/Commercial	100%	231,666	79,637		79,637
94	Qingdao Chengyang Project	Airport International Centre Chengyang District, Qingdao, Shandong Province	Commercial/Office	100%	92,455	66,000		66,000
95	Qingdao Central Park No. 1 Project	Qingdao Central Park No. 1 Chengyang District, Qingdao, Shandong Province	Residential/Apartment/ Commercial	100%	81,016	2,077		2,077
96	Yantai Sunny Chief Yard Project	Yantai Sunny Chief Yard Fushan District, Yantai, Shandong Province	Residential/Commercial	100%	195,609	20,924		14,157
97	Qingdao Cang'an Road Project	Licang District, Yantai, Shandong Province	Residential/Apartment/ Commercial	100%	29,219	85,326		69,091
98	Zhenjiang National University Science Park Project	Joyous House Zhenjiang Technological Development Zone, Jiangsu Province	Residential/Commercial	100%	111,364	13,779		5,092

PROPERTY PORTFOLIO

Project	Project Name	Location	Type	Attributable Interest	Site Area of Land (sq.m.)	Total GFA of Land Bank (sq.m.)	Total Above Ground GFA of Land Bank (sq.m.)	
99	Kunshan Jinxi Project	Kunshan Eastern Myster	Jinxi Town, Kunshan City, Jiangsu Province	Residential/Commercial/Hotel	51%	550,037	265,695	265,695
100	Wuxi Dongting Town Project	Wuxi Gentle House	Xishan District, Wuxi, Jiangsu Province	Residential/Commercial	100%	162,911	18,873	14,810
101	Wuxi Jichang Road Project	Wuxi Joyous House	Wuxi New District, Jiangsu Province	Residential/Commercial	100%	96,598	13,424	1,457
102	Jiangsu Jiangyin Yuyue Project	Jiangyin Auspicious House	Yushan Bay, Jiangyin, Jiangsu Province	Residential/Commercial	100%	78,258	53,426	48,328
103	Huzhou Taihu Project	Huzhou Integrated Outlets Project	Taihu Lake Resort, Huzhou, Zhejiang Province	Residential/Commercial	100%	145,153	105,360	105,360
104	Hainan Wanning Project	Hainan Integrated Outlets Project	Liji Town, Wanning District, Hainan Province	Residential/Apartment/Commercial	100%	188,514	143,109	137,207
105	Kunshan Capital Outlets Project	Kunshan Integrated Outlets Project	The East New Town, Kunshan, Jiangsu Province	Residential/Apartment/Commercial	100%	354,912	284,598	253,863
106	Kunming Panlong Zhongba Project		Panlong District, Kunming, Yunnan Province	Residential/Commercial	100%	58,687	317,843	246,986
107	Nanchang Capital Outlets (for sale)	Nanchang Capital Outlets	Nanchang, Jiangxi Province	Commercial	28.72%	30,153	24,800	24,800
108	Jinan Capital Outlets (for sale)	Jinan Capital Outlets	Tangye New Town, Licheng District, Jinan, Shandong Province	Commercial	71.79%	114,929	830	830
109	Chongqing Capital Outlets (for sale)	Chongqing Capital Outlets	Lujiao New Town, Banan District, Chongqing	Commercial	71.79%	74,349	9,540	9,540
110	Nanning Capital Outlets (for sale)	Nanning Capital Outlets	Xingning District, Nanning, Guangxi Zhuang Autonomous Region	Commercial	71.79%	101,974	15,300	15,300
111	Project Merrylands		Sydney, Australia	Residential	50%	21,043	2,689	2,689
112	Project Arden		Brisbane, Australia	Residential	50%	2,319	3,626	3,626
113	Project Max		Sydney/Brisbane, Australia	Residential	50%	37,356	10,630	10,630



Project	Project Name	Location	Type	Attributable Interest	Site Area of Land (sq.m.)	Total GFA of Land		Total Above Ground GFA of Land
						Bank	Bank	Bank
114	Project Campsie Phase 2	Sydney, Australia	Residential	50%	2,612	3,547		3,547
115	Project Thornleigh	Sydney, Australia	Residential	50%	1,148	1,350		1,350
116	Project Park	Sydney, Australia	Residential	50%	2,016	1,293		1,293
117	Project Rose	Sydney, Australia	Residential	50%	4,519	2,451		2,451
Total						12,545,500	9,662,737	

CORPORATE MILESTONES DURING THE YEAR

JANUARY 2018

In January, BCL successfully issued USD500 million of 3-year senior notes with a coupon rate of 3.875%. The notes received a BBB investment grade credit rating from Fitch Ratings and offered a yield of 4.066%, which was more than 10 basis points lower than BCL's secondary market bonds. It was the best performance in 2018 for offshore investment-grade bonds issued by a Chinese company.

In January, BCL acquired the Beijing Sunhe Project. The project, located in the Chaoyang Central Villa District, features a convenient transportation network as it is adjacent to the Sunhe Station on metro line No. 15 and several primary urban roads, such as Jingmi Road. It also sits along an excellent ecological corridor near some wetland parks. The supporting facilities of the project are complete and the total GFA of the planned project is about 99,000 sq.m.

MARCH 2018

In March, BCL acquired the Tianjin Liuyuan Project. The project is located in the Beichen District in Tianjin, which is within a half hour commute of the central city. The project is surrounded by mature medical, education, business, leisure and other supporting facilities. The project targets first-time owner-occupier buyers and those looking for upgrades. It also features a convenient transportation network as it is adjacent to the outer ring line and close to Liuyuan Station on metro line No. 1. The total GFA of the planned project is about 178,000 sq.m.

APRIL 2018

In April, BCL successfully issued RMB3 billion of AAA-rated domestic corporate bonds via private placement. The issuance included RMB2 billion of 3+2 year bonds with a coupon rate of 5.84% and RMB1 billion of 2+1 year bonds with a coupon rate of 5.7%, which were the lowest coupon rates ever achieved by a corporate issuer with a AAA rating for private placement corporate bonds.

In April, BCL acquired the Tianjin Beichen Project. The project is located within a half hour commute of central Tianjin, and is a key area for future construction and development. The project targets first-time owner-occupier buyers and those looking for upgrades. The surrounding area includes mature supporting education, medical, business, leisure and other related facilities. It also features a convenient transportation network as it is adjacent to the Outer Ring Road, Beijing Tianjin Road and several other main roads, and is close to metro lines No. 1, No. 4 and No. 7. The total GFA of the planned project is about 253,000 sq.m.

MAY 2018

In May, BCL acquired the Beijing Chaoyang Sunhe Project, which targets buyers looking for property upgrades. The project, located in the Chaoyang Central Villa District, features a convenient transportation network as it is adjacent to the Sunhe Station on metro line No. 15 and several main urban roads, such as Jingmi Road and the Beijing-Pinggu Expressway. It is also near an excellent ecological corridor with wetland parks. The project has great access to scenic views and supporting educational and business facilities. The total GFA of the planned project is about 133,000 sq.m.

In May, BCL acquired the Qingdao Outlets Project. The project, located in the high-tech zone of Qingdao, features a convenient transportation network as it is adjacent to metro line No. 8, a high-speed railway station, as well as Torch Road and several other main urban roads. The project is positioned as the life center of the outlets, and includes international boutiques, general retail stores and family-friendly facilities. The total GFA of the planned project is about 94,000 sq.m.

JUNE 2018

In June, BCL successfully held a launch event and summit for the Company's innovative new development platform for intangible cultural heritage projects. Showcasing the theme "Safeguarding Intangible Cultural Heritage and Creating Modern Life", the Group officially launched Beijing Sanluchang Yongyuan, its first heritage-themed park project. BCL also signed a strategic agreement with the China National Textile and Apparel Council, the Beijing Design Society, the China Intangible Cultural Heritage Protection Association Vocational Education Committee, the Fengtai Zhicheng Education Group Intangible Cultural Heritage and Design School, and masters of "Eight Crafts of Beijing" to cooperate on a large number of potential related high-quality intangible cultural heritage projects. BCL strives to create a comprehensive innovative new development platform for transmission of intangible cultural heritage, its design and innovation, technology research and development, experience marketing, communication practices, park operation and investment.

In June, BCL issued RMB2 billion of 3+N year domestic perpetual medium-term notes with a coupon rate of 6.27%, which was the lowest coupon rate for domestic perpetual medium-term notes issued by any real estate company in 2018, and also the lowest among all of BCL's perpetual bonds. This was the first time that BCL has tapped the inter-bank market, China's largest bond market, which served to effectively expand the Group's financing channels and further reduce financing costs.

In June, BCL acquired the Guangzhou Zengcheng Project, which targets buyers looking for upgrades. The project is located in the central area of Zengcheng, adjacent to the central business area of the Wanda Business Circle and Donghuicheng Business Circle. It is also adjacent to Donghu Park and features abundant resources and proximity to metro line No. 21 and several main urban roads. The total GFA of the planned project is about 148,000 sq.m. The project marks BCL's successful entry into Guangzhou, and further expansion into the Guangdong-Hong Kong-Macao Greater Bay Area, one of the three key metropolitan areas on which the Company is focusing.

JULY 2018

In July, BCL acquired the Foshan Nanhai Project. The project is located in the center of Shishan, which is the secondary center of Foshan City and a national high-tech area developed by Foshan City. It features a convenient transportation network as it is adjacent to the Foshan West High-speed Railway Station, metro line No. 3 and several main urban roads. The project is surrounded by a number of supporting facilities, including education and leisure facilities. The total GFA of the planned project is about 85,000 sq.m. Together with projects in Shenzhen and Guangzhou, the newly acquired project in Foshan will help BCL expand its presence in the Guangdong-Hong Kong-Macao Greater Bay Area.

AUGUST 2018

In August, BCL issued RMB2 billion of 3+N year domestic perpetual medium-term notes with a coupon rate of 6.15%, which was the largest offering and the lowest coupon rate for domestic perpetual medium-term notes issued by a real estate company in 2018. This demonstrates BCL's effective efforts to diversify its financing channels and optimize its capital structure.

In August, BCL acquired the Shanghai Minhang Project. The project, located in the Dahongqiao Business District, targets high net worth individuals who are looking for upgrades. The project is surrounded by a number of supporting business, education and medical facilities. It also features a convenient transportation network as it is adjacent to metro lines No. 13 and No. 17, as well as several main urban roads such as the Shenhai Expressway and Beidi Elevated Road.

SEPTEMBER 2018

In September, BCL launched Fangshan He Yuan in Beijing, its first rental housing apartment project under the "Hé Cohesive Hub" brand. The project integrates living, entertainment, commercial and service elements. In collaboration with the coworking brand UCOMMUNE, it provides a new live-work community for younger residents. In the future, the Company will continue to raise its brand awareness, improve service quality and enhance its operating capabilities, and plans to further expand into the rental housing market.


NOVEMBER 2018

In November, the Zhongguancun Integrated Circuit Park (IC Park) was officially opened to the public, and successfully held the 2nd “Chip Power Beijing” Zhongguancun IC Industry Forum. BCL aims to build the IC Park into a high-tech industrial area that focuses on innovation and integrates industrial and urban development. To date, over 30 leading internationally-renowned integrated circuit companies have moved in, including Bitmain and Gigadevice Semiconductor, and the companies are collectively expected to generate over RMB27 billion in revenues along with 1,700 patents. The opening of the Park demonstrates the effective implementation of the Company’s strategy to focus on developing industrial properties that support advanced technology.

In November, the Company acquired the Tuofangying project in Beijing. Targeting high-end buyers looking for housing upgrades, the project is located between the 4th and 5th ring roads in the northeast part of Chaoyang District, adjacent to the Yansha and Lidu business areas, and the third embassy area. It is conveniently located near Metro Line No.14 and several major highways. It also has close access to scenic views as well as well-established education, healthcare and other facilities. The project has a planned GFA of 187,000 sq.m.

In November, the Company successfully issued RMB2.5 billion of domestic AAA-grade public corporate bonds, with a coupon rate of 4.16% for a RMB1.5 billion 3-year tranche, and 4.50% for a RMB1.0 billion 5-year tranche, which represent record low coupon rates for Chinese property developers for bonds with similar terms and maturities. It was also the only 5-year bond issuance among Chinese developers during the second half of 2018.


DECEMBER 2018

In December, Prime Golden Capital, the financing platform under BCL, successfully acquired the Yunhe project in Hangzhou. The project is located in Yunhe New City in the Gongshu District, a key development area in north Hangzhou. The project has a planned GFA of approximately 89,000 sq.m. Prime Golden Capital plans to introduce multiple resources through “property + finance” in a bid to boost the project value as well as its shareholder value.

In December, the Company acquired the Xiamen Outlets Project, increasing the number of outlets that BCL operates to 17. Located in the Xiang’an District, it is adjacent to several main urban roads, including Binhai Avenue, which enables fast travel to the core area of Xiamen Island. It is positioned as a holiday town outlet project, and features experiences from shopping, sightseeing and leisure travel, to food and beverage services. The project has a planned GFA of approximately 83,000 sq.m.

CHAIRMAN'S STATEMENT



Li Songping | *Chairman*

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of Beijing Capital Land Ltd. ("BCL" or the "Company"; together with its subsidiaries, the "Group"), I am pleased to present the Group's annual results for the year ended 31 December 2018.

In 2018, the global economy continued to recover, amid the growing instability caused by trade disputes and other factors. The international situation is steady in general, though challenges are on the rise. The world is entering a new phase where economic volatility is rising and reforms are taking place around the world. Against a backdrop of such heightened uncertainty, China is moving forward and both opportunities and challenges lie ahead. With structural economic adjustments continuing to be implemented, and new economic drivers replacing old ones, China is seeking stable development under such complex conditions.

In 2018, the central government continued to advocate that "housing is for people to live in, not for speculation". As such, the government maintained tough property controls and beefed up measures such as purchase restrictions and mortgage controls. In tier-1 and key tier-2 cities that are facing long-term controls, property markets witnessed tough challenges. However, for the overall property industry, market demand will continue to be driven by the large population base, urbanization, and housing renewal.



In 2018, the Group continued to embrace “Quality Growth” as its central goal in response to the market cooling policies. The Group also managed to strengthen its “fast turnover” strategy by executing various city-specific measures. As a result, transaction volumes increased rapidly in 2018. During the year, the Group recorded total contracted sales of RMB70.64 billion, representing an increase of 26.5% year-over-year. The contracted GFA was 3.063 million sq.m., representing an increase of 27.6% year-over-year. The Company demonstrated particular strength in the Beijing-Tianjin-Hebei Area, which contributed RMB48.48 billion in contracted sales, an increase of 45.9% year-over-year.

In 2018, the Group concentrated on three key metropolitan areas (Beijing-Tianjin-Hebei, the Yangtze River Delta and the Guangdong-Hong Kong-Macao Greater Bay Area) and took advantage of favorable market conditions to carry out an “increase investment” strategy. In total, the Group invested secondary development RMB40.90 billion to acquire an aggregate GFA of 4.093 million sq.m. During the year, the Group entered Guangzhou and Foshan for the first time by acquiring several plots of land, which helped to strengthen its presence in the Guangdong-Hong Kong-Macao Greater Bay Area together with its previous deployment in Shenzhen. Riding on the strength of the primary land development business, the Group also acquired several plots of premium land in Beijing and Tianjin via cooperation and M&A. This helped to diversify the resource acquisition channels and enable the Group to avoid some of the intense competition in the land market.

In 2018, the Group steadily pushed forward with the expansion of its outlets business. As of the end of the year, it had deployed outlet projects in over 17 cities, making it the leading player in the industry in terms of scale. Meanwhile, during the Period, the Group launched another four outlets, bringing the total number of outlet projects that are open to 10, no. 1 in terms of projects opened in the industry. Within the outlets business, the Group focused its efforts on standardizing different business initiatives, including the commercial execution and launch of new projects. As a result, it improved the operating capabilities of the outlet projects and achieved turnover of RMB5.1 billion, a substantial increase of 58% over the same period last year.

In 2018, the Group experienced a rapid increase in its primary land development business. So far, it has acquired primary land projects in the Beijing-Tianjin-Hebei region with a total site area of approximately 30,000,000 sq.m., and a planned GFA of 27,000,000 sq.m., bringing the total product value of the primary land bank past RMB100 billion. The primary land development business has become a key advantage of the Company when it comes to securing high-quality land resources. During 2018, the Company successfully acquired multiple plots of high-quality land in areas such as Pinggu Beijing, Wuqing Tianjin and Shijingshan Beijing by leveraging the synergies in primary and secondary land development.

CHAIRMAN'S STATEMENT

In 2018, the Group actively responded to the spirit of the directive of the 19th CPC National Congress that “housing is for people to live in, not for speculation” and supported the government’s efforts to “speed up the establishment of a housing system with multiple types of suppliers, multiple channels for housing support, and encouragement for both renting and purchase”. As a responsible state owned enterprise, the Group took the initiative to actively expand its rental housing business. To achieve this, the Group transformed and upgraded part of its property inventory and entered the rental housing market by successfully launching the Fanshang He Yuan Project in Beijing and the Shuanggang Heyuan Project in Tianjin. The Group also took advantage of the favorable market conditions and successfully acquired the Shibalidian Project in the Chaoyang District of Beijing.

In 2018, in response to policies related to the decentralization of government functions below the national level as well as the construction of “four centers” in Beijing (“Beijing is to be the political, cultural, international communication and technology innovation center of China”), the Company vigorously developed its business in the cultural and creative industries. During the Period, after receiving wide recognition in the market for the Langyuan Vintage Project, the Company subsequently acquired the Langyuan Park Project in the Shijingshan District, the Langyuan Station Project in the Chaoyang District, and the Sanluchang Project in the Dongcheng District of Beijing. The Group intends to convert the Sanluchang Project into a flagship theme park that showcases the unique intangible cultural heritage of the site. Meanwhile, The Group also launched an innovative new development platform for intangible cultural heritage sites, which will help lay the groundwork for the rapid expansion of its business in the cultural and creative industries.

In 2018, the Group adhered to its “BCL Made 2020” product strategy and continually improved its construction capabilities. The Group also focused on upgrading its two key high-end “Tian Yue” and “Xi Rui” brands, which the Group successfully rolled out to multiple cities. This significantly increased the Group’s speed of development and enhanced the price premium throughout the country. In terms of construction, the Group worked to improve both the quality and creativity of its projects, and was pleased to be recognized as a benchmark in the industry by a third-party quality assessment firm. By implementing risk inspections throughout the construction process, the Group was able to deliver superior quality products to customers.

In spite of the tight overall financial situation in China, the Group was still able to achieve satisfactory results in financing during the year by proactively taking advantage of a number of favorable funding opportunities and maintaining a stable capital structure and steady debt costs. At the beginning of the year, the Group successfully issued USD500 million of 3-year offshore senior notes with a coupon rate of 3.875%. During the year, the Group also entered the inter-bank market for the first time with the successful issuance of RMB2 billion of domestic perpetual medium-term notes. Moreover, the Group completed its first supply chain financing project in January 2019 with an interest rate of 3.88%. By the end of the year, with well-managed debt levels, rational debt maturities and sufficient funding sources, the Group’s weighted average financing costs remained at a low level relative to the industry.



Looking ahead to 2019, the Group will actively respond to market changes, increase investments thanks to momentum from fast turnover, push forward with its “quality growth” strategy, and strive to meet the annual target of contracted sales of more than RMB80 billion. In terms of investment planning, the Group will continue to develop its business in three key metropolitan areas (Beijing-Tianjin-Hebei, the Yangtze River Delta, and the Guangdong-Hong Kong-Macao Great Bay Area). By strengthening cooperation and diversifying land resource acquisition channels, the Group will focus on cooperation, primary land development, M&A and other diversified channels in order to enlarge its premium land bank in core cities. In terms of operations, the Group will adhere to the principle of “cash is king” by comprehensively accelerating cash collection from operations. It will also take advantage of strategic synergies with Beijing Capital Group and its state owned enterprise resources, and continue to innovate and diversify the Group’s business into the cultural and creative industries, high-tech industrial property market, and the rental housing market. In terms of financing, the Group will continue to seek innovative solutions to maintain low financing costs by exploring new financing channels, and accelerate the development of Prime Golden Capital, its financing platform. As a significant piece of the “RMB100 Billion Value Ecosystem” strategy, Prime Golden Capital will seize new opportunities related to China’s urbanization and leverage its combined advantages in property development and financing based on its strong shareholder support, professional real estate development and operation capabilities, and elite in-house financial talent.

On behalf of the Board, I would like to sincerely express our gratitude to all of our shareholders, partners, and customers for your long-term and determined care, support, and help. BCL will continue to forge ahead, enhance our competitive advantages, and strive to become China’s most valuable integrated property developer.

Li Songping
Chairman

Shenzhen, 8 March 2019

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2018, the Group's revenue totaled RMB23,257,053,000, representing an increase of approximately 9% compared with the previous year. Operating profit decreased approximately 18% year-over-year to RMB3,160,047,000. Net profit attributable to interests of the Company totaled RMB1,922,932,000, representing an decrease of approximately 9% compared with the previous year. Basic earnings per share (EPS) totaled RMB0.45, compared with RMB0.67 in 2017. The Board resolved to recommend the payment of a final dividend for the year ended 31 December 2018 of RMB0.22 per share (2017: RMB0.21 per share).

During the year, the Group continued to adhere to its mission of achieving "quality growth," proactively responded to policy and market changes, and effectively implemented its "fast turnover" and "increase investment" strategies. These efforts enabled the Group to raise its operating performance and realize significant breakthroughs in many areas.

Record high contracted sales; Implemented "Increase Investment" strategy

- ✓ During the year, the Group took a number of city-specific measures to implement its "fast turnover" strategy. Projects in core cities met the "369 construction time limit standards" and the deployment of high-end product lines was accelerated. Meanwhile, in non-core cities, the Group accelerated destocking and successfully expanded its in-house sales team. As a result, total contracted sales rose 26.5% from the same period last year to RMB70.64 billion, which was a new record high for contracted sales. Total contracted sales area was 3.063 million sq.m., up 27.6% from the same period last year. Specifically, the Group witnessed significant sales growth in Beijing as contracted sales rose 73.7% year-over-year to RMB39.24 billion, accounting for 55.5% of total contracted sales.
- ✓ During the period, the Group focused its investment on the three key metropolitan areas. It took advantage of favorable conditions for land supply, leveraged synergies in primary and secondary land development and executed M&A and other cooperative development deals to acquire 27 premium secondary land development projects at low land premiums. The projects have a total GFA of 4,093,000 sq.m. and are expected to be worth over RMB100 billion in product value. In total, the Group made an investment of RMB40.9 billion, an increase of 11.3% year-over-year. The Group also successfully expanded its presence by tapping the markets of Guangzhou, Foshan and Suzhou, as of January 2019. To strengthen its primary land development business in the Beijing-Tianjin-Hebei region and create more synergies, the Group acquired two primary development projects in Zhangjiakou, Hebei Province and Fumazhuang in the Huairou District of Beijing, with a total GFA of approximately 1.3 million sq.m..



Upgraded product and service quality with the effective implementation of business innovations

- ✓ In 2018, the Group pushed forward its “BCL Made 2020” product strategy and upgraded its high-end “Tian Yue” and “Xi Rui” brands with 26 product patent applications, and accumulated 20 high-end projects across China. The Group was also recognized as a benchmark in the industry by a third-party quality assessment firm for its high-quality projects that feature exquisite craftsmanship. In addition, to improve quality and efficiency, the Group further improved its cost controls and standardization. In particular, the Group saved RMB6.3 billion through its “3300” cost budget initiative. The Group also continued to actively select its suppliers. Currently, the Group has strategic cooperation agreements with 182 suppliers covering 35 categories. It also carried out a holistic upgrade of its customer service and nearly 100% of the projects were accepted by customers upon delivery.
- ✓ During the year, the Group vigorously developed cultural and creative industry and industrial property projects as a part of its efforts to support the government’s masterplan that “Beijing is to be the political, cultural, international communication and technology innovation center of China”. It acquired the Beijing Sanluchang project, the Beijing Media Elite Headquarters project, and the Beijing Langyuan Park and Langyuan Station projects. The Group also successfully launched its new development platform for intangible cultural heritage sites. The grand opening of the Zhongguancun Integrated Circuit Park (IC Park) attracted over 30 high-tech enterprises to move in. These companies expected, generated more than RMB27 billion in revenue, or RMB4 billion per hectare, which is five times higher than the industry benchmark.
- ✓ During the year, in response to the government’s directives that “housing is for people to live in, not for speculation” and “new developments should have units to both buy and rent”, the Group expanded its rental housing business. The Group successfully launched the Fangshan He Yuan Project in Beijing and the Shuanggang He Yuan Project in Tianjin. The Fangshan He Yuan Project is an integrated multi-use development project that features housing, entertainment, business and services. In particular, the Group cooperated with the coworking company UCOMMUNE to provide a new live-work community for younger residents. The Group also took advantage of a policy related to collectively-owned land leasing and acquired the Shibalidian Project in the Chaoyang District of Beijing. The project covers a total construction area of 430,000 sq.m. and will eventually offer approximately 10,000 rental housing units, to the largest rental housing project developed on collectively owned land in Beijing.

Outlet sales top the industry; Four more outlet projects launched, boosting business performance

- ✓ During the year, Beijing Capital Grand Limited (“Capital Grand”), the commercial property arm of the Group, continued to expand its presence and implement its strategic goal of deploying outlet projects in “Twenty Cities in Five Years”. The Group acquired new projects in Qingdao, Nanning and Xiamen, which are new targets for Capital Grand, and took over the management of an outlet project in Dalian. Group has further broadened its strategic footprint in key cities for retail with the deployment of outlet projects in 17 cities. The Group remains No. 1 nationwide in terms of the number of outlets deployed.
- ✓ At the same time, the Group strengthened its advantage from managing all outlets on a single platform and optimized its standard business processes for the planning and operation of outlet projects. As a result, the Group realized a continuous improvement in operating results for its previously-launched outlet projects and solid initial results from new projects. As of January 2019, with the grand opening of the Group’s Capital Outlet projects in Wuhan, Zhengzhou, Hefei and Jinan, the Group now has 10 outlet projects in operation, No. 1 in terms of projects opened in the industry. The Group’s outlets generated annual turnover of RMB5.1 billion, up 58% year-over-year, and customer traffic hit 31.2 million, representing an increase of approximately 23% year-over-year. In particular, the Beijing Fangshan Capital Outlets project ranked in the top 3 in the industry with sales reaching RMB300 million in October 2018, surpassing Beijing Fangshan Capital Outlets’ historical monthly sales record.

Diversified financing channels; Established innovative financing platform

- ✓ In light of the tightened financing conditions in the real estate industry during the year, the Group leveraged its solid financial performance and state-owned enterprise backing to better gauge the financial market situation, and maintain diversified and smooth financing channels and low financing costs relative to the industry. The Company took advantage of various financing channels such as bonds, insurer investments, asset securitization and supply chain finance. The Group issued a 3-year offshore senior note for an aggregate nominal amount of USD500 million with a coupon rate of 3.875%. The offering recorded the best performance among all offshore notes that were issued during the same period. The Company also issued a corporate bond with an aggregate principal amount of RMB10 billion at a coupon rate of 4.16%, the lowest among all corporate bonds issued by real estate companies during the same period. In addition, the first supply chain financing was completed with an interest rate as low as 3.88%. As of the end of year, 2018, the weighted average cost of the Company’s outstanding debt was 5.45%.
- ✓ During the year, with premium commercial assets and excellent operating capabilities, the Group took advantage of a new policy and received approval for a RMB10 billion asset backed securities (ABS) shelf offering, which is the first ABS offering that uses outlets as collateral in China. This will unleash the potential of existing property projects while allowing the Company to benefit from potential asset appreciation and have the flexibility to increase its investment in the future. This ABS instrument also laid a foundation for the Company to further raise funds via public REITs.
- ✓ During the year, the Group officially launched its Prime Golden Capital Management (Tianjin) Company Limited (首金資本管理(天津)有限公司) (“Prime Golden Capital”) financing platform. As a critical part of the Group’s “RMB100 Billion Value Ecosystem” strategy, Prime Golden Capital concentrates on “property + finance” and primarily provides funding in five major areas for BCL, namely real estate development, asset management, cultural and creative industries, private equity and overseas real estate. This new platform aims to boost the rapid development of BCL’s main business as well as to speed up BCL’s strategic transformation.



PROPERTY DEVELOPMENT

In 2018, the Group, together with its joint ventures and associated companies, completed construction of projects with an aggregate GFA of approximately 1.83 million sq.m.

Project	Approximate Completed GFA (sq.m.)	Type	Attributable Interest
Beijing Capital of Western Village	184,580	Residential	100%
Beijing Integrated Circuit Garden	165,792	Office	50%
Beijing Tian Yue Mansion	93,873	Apartment/Office	100%
Beijing Ealing	107,352	Residential	95%
Beijing Nobles Mansion	1,484	Commercial	100%
Beijing Landscape Villa	24,715	Residential	100%
Beijing Zhaoquanying F2-01	2,164	Support Facilities	100%
Beijing Xanadu Villa – Hezhu/River Story	121,029	Residential/Support Facilities	100%
Beijing Xanadu Mountain	114,344	Residential	100%
Beijing The Happiness House	28,343	Residential/Commercial	100%
Shanghai The Happiness 20-04	46,108	Residential	100%
Tianjin Poetic Life	55,218	Residential	100%
Tianjin Landing House	17,089	Support Facilities	40%
Tianjin International Peninsula 7-2	60,027	Residential	100%
Chengdu Galaxy No.1	286,032	Residential	57.5%
Chengdu The Palace No.68	313,032	Residential	100%
Chongqing Capital City	38,131	Residential	30.4%
Kunshan Novotown	10,583	Support Facilities	100%
HeFei Capital Outlets	96,271	Commercial	71.79%
Nanchang Capital Outlets	60,951	Commercial	28.72%
Total	1,827,118		

MAIN PROJECT EXHIBITION

Residential Project Development

Tian Yue Series

Capital of Western Village, Beijing



The project is located between the 5th Ring Road and 6th Ring Road in Haidian District, Beijing. As a part of the key area of the Zhongguancun Development Zone, it enjoys gorgeous views of a park to its west, public green lands as well as the West Hills.

The project is a high-end residential community designed in an elegant modern style that aims to attract tech entrepreneurs from Zhongguancun. Featuring modern urban design, the buildings are situated along a central axis and create a beautiful skyline.

Total project GFA: approximately 291,000 sq.m.

Shanghai • Capital of Vision



The project is located near the Bund in eastern Yangpu district. It is positioned as a high-end project for first-time home buyers and those looking to upgrade their living situation. It also includes a Grade A office building. The project enjoys a premier location next to the central living district, near metro lines No. 4 and No. 12, and the Daliang Road Tunnel. It also has easy access to a comprehensive set of supporting facilities, including medical, education and business.

Total project GFA: approximately 119,000 sq.m.



Tianjin • Tian Yue Hai He



The project is located above a metro-station in the heart of Hebei District, Tianjin, where three rivers (Ziya, Beiyun and Xinkai) meet. This prime location gives it exclusive access to the scarce resources in the bay area. It is also adjacent to both the Tianjin Railway Station and the Tianjin West Railway Station, and has multiple subway lines and expressways nearby. The region features well-established living, education, healthcare and commercial ancillary facilities. With a complete set of residential properties, apartments, office buildings, commercial properties as well as ancillary facilities, it truly showcases the “Tian Yue” lifestyle.

Total project GFA: approximately 416,000 sq.m.

Chongqing • Tian Yue Jia Ling



The project is located at the cross of Jiaxin Road and Fenjin Road in Shapingba District, Chongqing, just 200m away from the bank of the Jialing River. It is adjacent to three green parklands and the Sanxia Square Business Zone, and features easy access to nearby educational, healthcare and transportation resources. The project is planned as a large-scale residential and commercial property. The design leverages the nearby landscape for western-style houses and high-end modern residences that cater to the urban elites of Chongqing.

Total project GFA: approximately 850,000 sq.m.



Xi Rui Series

Beijing • Xi Rui Chun Qiu



The project is located at Sunhe in Chaoyang District, Beijing, near the Wenyu River, 5th Ring Road and the Beijing Capital International Airport. With a planned wetland park that will surround the complex, the residential environment will be highly pleasing.

Inspired by consumer insights, the project contains high-end residences, such as graceful villas and duplex apartments with private gardens, and apartments with broad views to suit varying high-end customer needs.

Total project GFA: approximately 232,000 sq.m.

Beijing • Xanadu



Located 50 meters north of the CCTV tower, Xanadu is close to the Mandarin Hotel and Media Park. It is one of the Company's landmark luxury residential projects in the CBD, and follows in the footsteps of the Company's highly successful Beijing Yintai Centre and Golden Terrace projects.

Total project GFA: approximately 130,000 sq.m.



Beijing • Xanadu Villa



The project is located in the Shunyi Central Villa District in Beijing. It is adjacent to the exit of the Beijing-Chengde Expressway, and a 25-minute drive from the North 3rd Ring Road. The project is surrounded by renowned elite educational institutions, including Niulanshan First Secondary School and famous kindergartens. The project also features 80,000 sq.m. of top commercial facilities to help create a perfect villa experience. When complete, it will be a low-density garden villa district consisting of over a thousand villas.

Total project GFA: approximately 96,000 sq.m.

Shanghai • Xi Rui Li

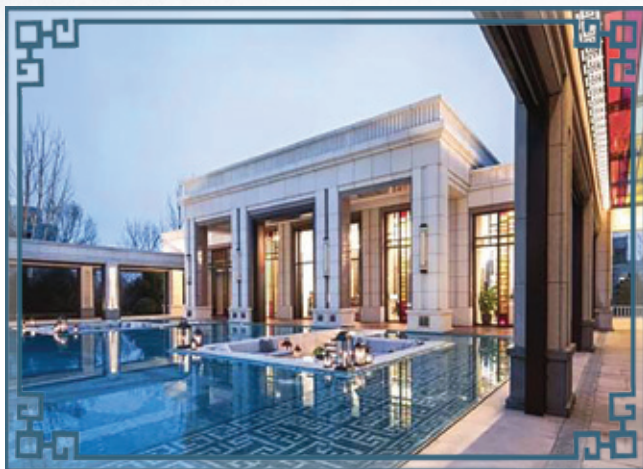


The project is located in the center of the Dahongqiao High-end Villa District in Shanghai. With a 1.1 plot ratio, it consists of stacked townhouses and low-density garden villas.

The architectural style of the project reimagines Zen-style living in Hongqiao. This is extended to the interior design, which integrates architectural and landscape elements to create a unique modern, yet fresh, sense of space.

Total project GFA: approximately 36,000 sq.m.

Tianjin • Xi Rui Kun Ting



The project is located in Wuqing District, Tianjin, adjacent to the Tongcheng exit of the Beijing-Tianjin Expressway. It contains low-density villas and garden houses, high-rise buildings, and facilities including culture, sports and education, commerce and finance, medicine and healthcare, urban parks and municipal infrastructure. The landscape is designed around two axis, three verandas, five gardens and ten views, and allows residents to experience the epitome of high-end living.

Total project GFA: approximately 192,000 sq.m.

Urban Core Integrated Complex

Capital Center, Beijing



The project is located at the center of Beijing's Lize Financial Zone, between the West 2nd Ring Road and West 3rd Ring Road. It is adjacent to the Beijing West and Beijing South Railway Stations, the Beijing-Kaifeng Expressway, the Beijing-Hong Kong-Macao Expressway, as well as metro lines No. 14 and No. 16.

The project is positioned as a "Financial Satellite City, the Best in Lize" to provide modern enterprises with an efficient and comfortable office environment while accommodating a series of services, including shopping, entertainment and commerce and relaxation activities. The project serves as the central landmark complex in the Lize Financial District.

Total project GFA: approximately 520,000 sq.m.



Integrated Outlets Projects

Beijing • Integrated Outlets Project



The project is located in Changyang Town, Fangshan District, Beijing. It is adjacent to Changyang West Station of the Fangshan line on the intercity railway and is only a 30-minute drive from Financial Street in Beijing via the Beijing-Shijiazhuang Expressway. This is a representative project of the Group's integrated "Residential + Outlet" business line in Beijing, and features discount stores of world-renowned brands.

Total project GFA: approximately 340,000 sq.m.

Hainan • Integrated Outlets Project



The project is located in Wanning city in the eastern part of Hainan, an island province that is an international tourist destination. Wanning is a coastal city in Southern China, and is surrounded by the South China sea, Qiongzong, Lingshui and Qionghai. The project presents an international tourist and cultural area in a unique environment, featuring many nearby shopping and tourist attractions.

Total project GFA: approximately 310,000 sq.m.

Kunshan • Integrated Outlets Project



The project is located at the south-east corner of the East New Town of Kunshan City, next to the South High Technology Enterprise Park. The project is BCL's first in Kunshan, a region with a large customer base and significant market demand. Approximately 180,000 sq.m. of the site area will be occupied by commercial buildings, such as outlets, and some sidewalk shops, all in an art deco style that expresses the elegance and style of the development. Nearly 40% of the land will be designated green space.

Total project GFA: approximately 1.3 million sq.m.

Hangzhou • Integrated Outlets Project



The project is located by the major road that links downtown Hangzhou and Fuyang District, taking advantage of the dynamic urban development of both cities. The project is conveniently located next to the Hangzhou-Huangshan high-speed railway station and metro line No. 6. The project opened in November 2017 and achieved opening-day traffic of nearly 90,000 customers and approximately RMB13 million in sales.

Total project GFA: approximately 110,000 sq.m.



Wuhan • Integrated Outlets Project



The project is adjacent to the South-east 3rd Ring Road and 5km from Optics Valley Central City in Wuhan. The project features a convenient transportation network, superior natural environment and an entrepreneurial culture given that it's surrounded by universities and is located opposite the Olympic Sports Center. The project integrates the graceful style of Tuscany into the architectural design, uses various spatial levels to create opulent supporting facilities, and features a broad outlet shopping experience that caters to families throughout the year.

Total project GFA: approximately 107,600 sq.m.

Cultural and Creative Industries Projects

Beijing • Langyuan Vintage



The project is located in the core area of the CBD with a total GFA of nearly 30,000 sq.m. The project features a great location and convenient transportation network as it is adjacent to the new site of the Beijing TV station, Chang'an Street and Wanda Plaza. The project is positioned as a cultural and creative industrial park. Besides preserving historical buildings in the park, the Group plans to set up eight platforms providing soft service in the cultural and creative industrial park. It has been fully affirmed by the leaders of the Beijing Municipal Government. The park is fully rented out through the year. Enterprise customers include Luogic Talkshow, Mimmon, Qyer.com, Guokr.com.



Beijing • Yongyuan



The project is located southeast of the 2nd Ring Road and in a priority development zone of the capital city with a total GFA of 12,000 sq.m. It is positioned as a demonstration heritage site that shows off the nation's intangible cultural heritage. The project provides heritage-related design, planning, research, exhibition, investment and financing, and the specific businesses are classified in three segments, namely innovation, experience marketing and practice. The project has been marketed under the theme of "meeting people, seeing artifacts and living life", and sets a new benchmark for heritage sites in Beijing and nationwide.

Beijing • Media Elite Headquarters



The project is located in Gaobeidian, Chaoyang District, Beijing with a total GFA of 20,000 sq.m. It is adjacent to several main urban roads, such as the East 5th Ring Road and Jingtong Expressway, as well as metro lines Batong and No. 6. The park is positioned as a cultural and creative industrial park, and is divided into four functional zones, including for business support, incubation, industrial acceleration, and scientific research and talent training. It has served more than 60 enterprises from various industries, including radio, film and television, press and publishing, new media, exhibition and art trading, animation and games, and performing arts and entertainment.



High-tech industrial property

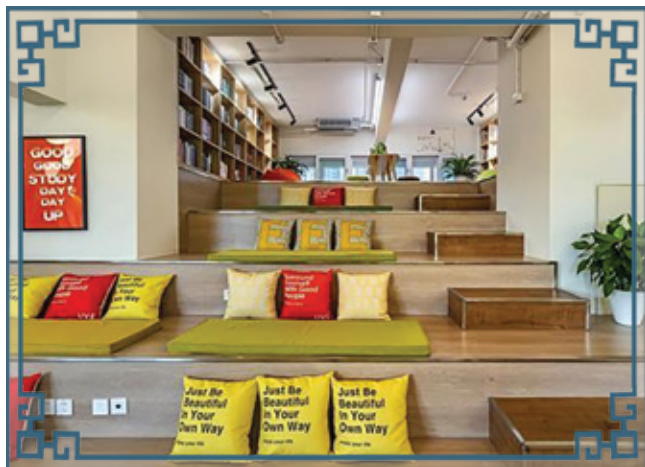
Beijing • IC PARK



The Beijing IC PARK project, which officially opened in November 2018, is located on Beiqing Road in Haidian District, Beijing. The 60,000 sq.m park integrates industry and urbanization, and caters to innovative-integrated circuit companies, such as Bitmain and GigaDevice, that own independent intellectual property. Currently, more than 30 influential global IC companies that own more than 1,700 patents are based in the park and generate over RMB27 billion in revenue.

Long-term Rental Housing

Beijing • Fangshan He Yuan



The project is located in Liangxiang Town, Fangshan District, Beijing, adjacent to the University Town, LonghuTian Road and Liangxiang University Town Station on the Fangshan Metro Line. BCL worked with the coworking company UCOMMUNE to create the first multi-use office and residential project for younger residents who like to combine work and living.



Beijing • Shibalidian He Yuan



The Project is located in Xizhihe Village, Shibalidian Town, Chaoyang District, Beijing, east to the 5th Ring Road (southeastern section). It is located about 10km from the CBD and 4km from the Yizhuang Development Zone, and is adjacent to metro lines No. 7 and No. 17. With a total GFA of 430,000 sq.m., the project is expected to provide nearly 10,000 rental apartment units.

Tianjin • Shuanggang He Yuan



The project is located in Shuanggang Town, Jinnan District, Tianjin. It features a convenient transportation network as it's adjacent to the outer-ring road, several expressways, as well as many bus lines that go downtown. The metro line No. 8 that is currently under construction is also near the site. The project is located in a mature area with a number of supporting business facilities. It's also adjacent to an industrial park that has strong rental demand.



PROPERTY SALES PERFORMANCE

In 2018, the Group, together with its joint ventures and associated companies, achieved total contracted sales of RMB70.64 billion, up 26.5% from the same period last year. Total contracted sales area was approximately 3.063 million sq.m., up 27.6% from the same period last year. The average selling price was RMB23,000 per sq.m., which was flat year-over-year.

City	Approximate Contracted Sales Area (sq.m.)	Approximate Contracted Average Selling Price (RMB/sq.m.)	Approximate Contracted Sales Revenue (RMB'000)
Beijing	1,064,809	36,848	39,235,603
Shanghai	150,299	46,054	6,921,831
Tianjin	502,981	18,377	9,243,481
Chongqing	179,862	13,429	2,415,378
Chengdu	205,633	9,480	1,949,436
Others	880,964	7,787	6,860,165
Sydney and Brisbane	78,536	51,160	4,017,895
Total	3,063,084	23,063	70,643,789

During the year, the Group continued to carry out its “BCL Made 2020” product strategy, and replicate the success of its “Tian Yue” and “Xi Rui” high-end brands across core Chinese cities where the Group has a presence. As a result, the Group’s product quality and branding have been strengthened. In addition, a wide range of measures were adopted to boost sales. The Group strengthened its in-house sales teams across its regional offices and implemented a fast-turnover strategy, which helped to shorten the time between land acquisition and project completion in core cities, and accelerate destocking in non-core cities. Measures such as these led to a new sales record in 2018 for the Group.

1. The Group continued to maintain its leading performance in core cities. During the year, total contracted sales in the Group’s core cities and Australia were RMB63.91 billion, accounting for 90.5% of total contracted sales. Beijing maintained a dominant position in the Company’s portfolio with RMB39.24 billion in contracted sales, accounting for more than 55.5% of the total contracted sales, an increase of 73.7% year-over-year. In non-core cities, the Group took advantage of favorable market conditions and achieved RMB6.73 billion in total contracted sales, an increase of 18.2% year-over-year.
2. The Group accelerated the deployment of key high-end products in core cities by constantly upgrading product quality and standardizing construction. The Group expanded the development of projects under the “Tian Yue” brand to all four direct-administered municipalities, including Beijing, Tianjin, Shanghai and Chongqing. In addition, the Group successfully rolled out projects under the “Xi Rui” brand in Shenyang, Huzhou, Chengdu and Chongqing for the first time. In order to improve product design, enhance the brand, and promote lean management, the Group pushed forward a number of management initiatives, from pre-project planning, product design to construction quality, brand marketing, and property services. During the year, the total contracted sales from the Group’s high-end “Tian Yue” and “Xi Rui” projects were RMB12.6 billion, of which the “Capital of Vision” project in Shanghai contributed RMB2.6 billion with an average selling price of more than RMB90,000 per sq.m.

3. The Group made significant progress improving its sales and operational capabilities thanks to an expanding in-house sales team and strategically integrated resources. During the year, the Group continued to propel a marketing program that allows all customer resources to be shared by all project sales teams across different regions. Total contracted sales generated by the Group's in-house sales teams in 2018 were RMB14 billion.
4. The Group strived to propel its "fast turnover" strategy to meet the "369 construction time limit standards" in core cities and accelerate destocking in non-core cities. During the year, the newly acquired projects, including "Xi Rui Chun Qiu" and "Tian Rui Chen Zhang" in Beijing and "Xi Yue Li" in Wuqing, Tianjin, met the "369 standards". Thanks to prescient market analysis, the Group's Eco Village project in Shenyang, for instance, was able to generate RMB2 billion in contracted sales and helped Shenyang move up to the Group's TOP 10 city list by contracted sales.

Land Bank

In 2018, the Group actively executed its strategy of fast turnover to increase its investment in and focus on three key metropolitan areas. By taking advantage of favorable conditions for land supply and diversifying sources of land bank acquisition, the Group accumulated over RMB100 billion worth of land supply at a low cost, laying a solid base for further expansion. During the Period, the Group added 27 new projects, with an aggregate investment of RMB40.9 billion, representing an increase of 11.3% year-over-year, and a total GFA of 4,093 million sq.m., representing an average land premium rate of approximately 9%. The total investment in key cities and the Australian market was RMB39.31 billion, accounting for 96.1% of the total. As of January 2019, the Group entered the Guangzhou, Foshan and Suzhou markets for the first time, adding projects in the Zengcheng District of Guangzhou, the Nanhai District of Foshan and the Qingjian Lake region of Suzhou. While strengthening its strategic position in the Guangdong-Hong Kong-Macao Greater Bay Area, the Group continued to expand in the Yangtze River Delta metropolitan area.

During the Period, the Group actively developed its primary land development and cultural and creative industries business in the Beijing-Tianjin-Hebei region. It is expected to become a key and sustainable business line over the long term. During the Period, the Company added two primary development projects, one in Zhangjiakou of Hebei Province and the other in Fumazhuang in the Huairou District of Beijing, with a total GFA of approximately 1.3 million sq.m.. The newly added projects further showcase the Group's advantage in the Beijing-Tianjin-Hebei region in the future. During the Period, the strategy of developing cultural and creative industries was efficiently implemented, and made both an asset-heavy and an asset-light business model possible. Specifically, the Group acquired the Beijing Sanluchang and Beijing Media Elite projects in 2018, and started providing management services to the Langyuan Park and Langyuan Station projects.

As of 31 December 2018, the Group had land bank with an aggregate GFA of 12.55 million sq.m., (8.49 million sq.m. of which was attributable to the Company's equity interests) and had a total ground area of 9.66 million sq.m. (6.50 million sq.m. of which was attributable to the Company's equity interests). Of the total land bank GFA, approximately 83% is for property development projects, and 17% is for investment properties and other use. The existing land bank is considered to be of optimal scale and the Group believes its resources in core cities are sufficient. Moreover, the Group believes that its current land bank will be sufficient to meet its growth expectations and performance goals for the next three years.



Projects Invested in 2018

City	Project	Site Area of Land (sq.m.)	Total GFA (sq.m.)	Ground GFA (sq.m.)
Beijing	Beijing Chaoyang Sunhe Town Xidian Village Site	90,394	215,783	99,433
Beijing	Beijing Chaoyang Sunhe Town Beidian West Village Site	53,526	132,903	58,878
Beijing	Beijing Pinggu Jinhai Lake Han Village Project	176,100	244,159	153,071
Beijing	Beijing Pinggu World Leisure Congress Project	48,800	54,500	36,500
Beijing	Beijing Chaoyang Tuofangying Site	61,023	187,954	123,983
Shanghai	Shanghai Minhang Huacao Town Site	18,049	51,834	35,738
Shanghai	Shanghai Qingpu Yingfu 24-01 Site	38,896	92,219	58,344
Hangzhou	Hangzhou Canal New City Project	40,488	129,491	89,074
Guangzhou	Guangzhou Zengcheng Shiwei Road Project	40,778	148,243	100,124
Guangzhou	Guangzhou Zengcheng Licheng Street Project	85,336	384,007	256,007
Foshan	Foshan Shishan Town Project	25,001	85,235	65,001
Tianjin	Tianjin Beichen Liuyuan Land No.2 Site	98,263	232,214	177,723
Tianjin	Tianjin Beichen Liuyuan Land No.1 Site	129,903	335,361	253,254
Tianjin	Tianjin Wuqing Plot 6-2	92,906	154,828	101,032
Tianjin	Tianjin Wuqing Plot 2-2	145,341	258,235	158,605
Chengdu	Chengdu Tianfu New District Project	48,322	157,436	103,170
Chongqing	Chongqing Nan'an Chayuan Site	95,092	194,047	142,639
Chongqing	Chongqing Xipeng Project	67,855	158,845	118,256
Kunming	Kunming Panlong Zhongba Project	58,687	354,426	252,354
Qingdao	Qingdao Cang'an Road Site	29,219	104,763	71,585
Qingdao	Qingdao Capital Outlets	93,972	93,972	93,972
Nanning	Nanning Capital Outlets	101,974	152,960	152,960
Xiamen	Xiamen Capital Outlets	55,657	130,480	83,480
Sydney	Project Campsie Phase 2	2,612	9,403	9,403
Sydney	Project Thornleigh	1,148	5,652	5,652
Sydney	Project Park	2,016	14,915	14,915
Sydney	Project Rose	4,519	9,038	9,038
Total		1,705,877	4,092,903	2,824,191

HUMAN RESOURCES

As of 31 December 2018, the Group employed 2,973 professionals with median age of 33.5. In terms of education level, 75.9% of employees hold a bachelor's degree or higher, and 12.0% of employees hold a master's degree or higher. Employees with intermediate or senior professional titles accounted for 18.1%.

In 2018, in order to meet strategic development requirements, the Group adjusted its organizational structure in order to support the implementation of the Company's strategy. In response to the need to upgrade the business and regional operations, the Company further reinforced the role of its headquarters and gradually repositioned itself towards multi-business platform management. It actively worked to improve the organization and management of the regional businesses to promote expansion and support the realization of the Group's "13th Five-Year" strategic goal.

As the Group stepped up its efforts to incubate a diversified business, including fund management and cultural and creative projects, and support upgrades to the overall strategy, an upgraded human resources management and incentive program was put in place to help better assess and incentivize individual employees.

The Group always adheres to the concept of “developing talent as its most crucial capital”, with an ever-evolving multi-tier approach to talent development. The Group provided tailor-made full life-cycle training programs to arm employees with the skills that the Company’s development strategy requires, complemented by benchmarking training and professional practice. BCL is dedicated to upgrading its pool of talent to ensure that the Group can achieve sustainable growth over the long term.

BUSINESS MODEL

1. Four Core Business Lines

Residential Property Development

Investments are focused on the three core metropolitan areas of Beijing-Tianjin-Hebei, the Yangtze River Delta and the Guangdong-Hong Kong-Macao Greater Bay Area and key tier-2 cities with market potential. Led by mid-to-high end residential projects, the Group continues to carry out its “BCL Made 2020” product strategy, advance its product research and development capabilities, and promote product standardization for first-time home buyers and those looking for upgrades. The Group also enhanced its product quality and improved its customer service in order to enhance the overall brand.

Representative product lines of BCL’s residential development include the following series: “Tian Yue”, “Xi Rui”, “A-Z Town”, “Capital First City” and “Capital City”.

Integrated Outlets

Leveraging Capital Grand, the commercial property development arm of Beijing Capital Land, the Group implemented a combined asset-heavy and asset-light business model to rapidly and strategically expand its outlet projects in target cities through construction, M&A and joint ventures. The objective is to build the largest outlet operating platform in Mainland China and to distinguish the Group from its competitors with its growth potential. Meanwhile, the Group provided a wide array of brands with direct access to consumers through these outlets by strategically connecting consumers to those commercial brands, and ultimately helped all parties achieve great success.

Representative projects of BCL’s outlets include the Beijing Fangshan Capital Outlets, Hainan Wanning Capital Outlets, Zhejiang Hangzhou Capital Outlets and Hubei Wuhan Capital Outlets.

Urban Core Integrated Complex

High-end urban commercial complexes that are developed above metro stations in the central areas of key cities such as Beijing, Shanghai and Shenzhen remain a key business focus. By introducing top-tier business partners and integrating resources such as land, capital, brands and operations, the Group endeavors to develop landmark projects that will bring value-added returns and securitized assets. The Group will continue to drive growth of its urban core complex business line and establish an asset expansion platform on top of it.

Representative projects of BCL’s urban complexes include the Beijing Lize Financial Business District Project and Beijing International Center Project.



Primary Land Development (Including Shantytown Redevelopment)

The primary land development business (including shantytown redevelopment) mainly focuses on BCL's residential development area, which allows the Company to benefit from land value growth and enables the Company to acquire prime land resources at lower costs. In addition, large scale development allows the Group to explore and develop industry-city integration models in order to increase product differentiation.

Representative projects of BCL's primary land development projects (including shantytown redevelopment) include the Beijing Hujialou shantytown redevelopment project, the Beishicao shantytown redevelopment project and the Tianjin Wuqing primary land development project.

2. Three Innovative Business Lines

Cultural and Creative Industries

The Group's mission in this business segment is to build and develop high quality projects that cater to the creative and high-tech markets and to provide services to the urban healthcare industry. With projects focused on "big culture", "big information technology" and "big health", the Group's cultural and creative industries business comprises three strategic segments, namely industrial park operation, industrial investment and content creation. With a strong presence in Beijing, the Group has created an industrial park management and investment platform to integrate resources and build an ecosystem for cultural and creative industries.

Representative projects of BCL's cultural and creative industries include the Langyuan Vintage Project, the Yongyuan Project and the Media Elite Headquarters Project in Beijing.

High-tech Industrial Property

BCL has positioned itself as an innovative and integrated service provider, and a platform for the rapidly growing wave of high-tech industries. With an "industrial + property" model, it is working to build a business ecosystem that is able to integrate innovation, industrial development and value creation. The Group's industrial park development covers industrial development, space management, environmental programs, human resources, operations, investment and fund raising, with the aim of building four ecosystems and nine service platforms.

A representative project of BCL's high-tech industrial property business is the Zhongguancun IC Park in Beijing.

Rental Housing

In response to the government's declaration that "housing is for people to live in, not for speculation" and "new developments should have units to both buy and rent", BCL has been actively pushing forward its expansion into the rental housing market. While the Group is transforming and upgrading some of its existing projects into rental housing units, it is also seeking to acquire collectively-owned land on which to develop rental housing projects. Under the brand "Hé Cohesive Hub" and based on an "apartment + common area + services" model, it provides premium "3+2+X" rental space to younger urban residents in collaboration with the coworking business UCOMMUNE, and BCL's outlets business.

Representative projects of BCL's rental housing projects include the Fangshan He Yuan and Chaoyang Shibaidian He Yuan projects in Beijing, and the Shuanggang He Yuan project in Tianjin.

3. Financing Platform: Prime Golden Capital

Prime Golden Capital is positioned as the financing platform under BCL. As a critical part of the Group's "RMB100 Billion Value Ecosystem" strategy, Prime Golden Capital has strong shareholder support and possesses professional operation capabilities. It integrates finance and property, and looks for both investment and fund raising, and aims to boost the rapid development of BCL's main business as well as to speed up BCL's strategic transformation across finance, property and urban development. Prime Golden Capital concentrates on "property + finance" and primarily provides funding in five major areas for BCL, namely real estate development, asset management, cultural and creative industries, private equity and overseas real estate.

DEVELOPMENT AND OUTLOOK

Looking out to 2019, the government's directive that "housing is for people to live in, not for speculation" and "new developments should have units to both buy and rent" will lead the industry to steady growth and innovative transformation. Industrial policies will continue to focus on executing city-specific measures, establishing long-term goals and maintaining balanced monetary policy targets. Different regions will continue to see diverging performance while the industry as a whole will further consolidate, which will present new opportunities as well as challenges. The Group will continue to strive to achieve "quality growth", and will adopt the following development strategies:

1. The Group will adhere to a "fast turnover" strategy, and improve its operating capabilities on all fronts by executing the "369 construction time limit standards". Leveraging the Group's in-house salesforce, BCL aims to achieve an annual sales target of RMB80 billion and speed up its cash collection. With momentum from the fast turnover, the Group will be able to increase its investments, primarily in its three key metropolitan areas. The Group will expand its regional investments and acquire strategic resources by taking advantage of its RMB100 billion value primary land development platform in the Beijing-Tianjin-Hebei Area, as well as by creating synergies across different industries and seeking cooperation and M&A opportunities.
2. The Group will implement its "BCL Made 2020" product strategy by focusing on project design, project quality, cost control and customer service. To refine project design and better gauge customer demand, it will set up a big-data-powered customer analysis platform. In addition, the "Tian Yue" and "Xi Rui" brands will set a benchmark for exquisite craftsmanship and be used to drive standardization in more regions. By executing the "3300" cost budge initiative, the Group aims to further control costs on its strategic procurement platform. It will also improve the service quality of the Shouwan Property Management Service Company to upgrade the customer experience and deliver high quality projects.
3. As a part of the Group's ongoing transformation strategy, it will proactively develop three major innovative businesses, namely the cultural and creative industries, high-tech industrial property and rental housing. This is a direct response to the government's call for "new developments to have units to both buy and rent". The Group will take advantage of the synergies with Beijing Capital Group and leverage its state owned enterprise resources to roll out new and diversified businesses, such as "property + culture" and "property + technology". Specific areas include intangible cultural heritage, high-tech, media and "big health". The group will use a combined asset-heavy and asset-light business model to accelerate the development of new projects and create a new business platform. In terms of rental housing, the Group will capture opportunities from collectively-owned land leasing, and continue to strengthen the "Hé Cohesive Hub" product series, a rental housing brand developed by the Group.



4. The Group aims to deploy outlet projects in “Twenty Cities in Five Years”, and strategically seek M&A opportunities in the outlet industry to help speed up the process. Meanwhile, leveraging its integrated online-to-offline sales platform, the Group will accelerate its digital transformation to cater to customer needs and improve operating performance, which should help set a new benchmark in the new retail industry.
5. The Group will build and maintain diversified financing channels, explore various equity financing opportunities, and seek M&A opportunities in the capital markets. It will continue to obtain multiple high-quality financing resources, maintain reasonable scale, and strictly control costs. While direct financing from the capital markets remains a key approach, the Group will explore REITs, supply chain finance and other innovative financing channels. The Group will also accelerate the development of Prime Golden Capital to grow along the “property + finance” value chain, and implement the “RMB100 Billion Value Ecosystem” strategy, leveraging its combined advantages in industries and financing.

FINANCIAL ANALYSIS

In 2018, the operating revenue of the Group was approximately RMB23,257,053,000 (2017: RMB21,292,040,000), representing an increase of approximately 9% as compared with 2017. Such increase in operating revenue was mainly attributable to the increase in new projects completed and occupied and revenue of primary land development during the period. In 2018, the Group achieved a gross profit margin after business tax of approximately 26%, representing a decrease of 1 percentage point when compared to 27% in 2017, which was mainly attributable to a decrease of gross profit margin in primary land development during the period.

In 2018, the operating profit of the Group was approximately RMB3,160,047,000 (2017: RMB3,835,350,000), representing a decrease of approximately 18% as compared to 2017.

1. Financial Resources, Liquidity and Liability Position

During the period under review, the Group maintained a healthy liquidity position and a reasonable appropriation of financial resources. As at 31 December 2018, the Group’s total assets were RMB169,716,823,000 (31 December 2017: RMB141,421,169,000), of which current assets were RMB137,511,685,000 (31 December 2017: RMB111,827,343,000) and non-current assets were RMB32,205,138,000 (31 December 2017: RMB29,593,826,000); the total liabilities were RMB131,516,141,000 (31 December 2017: RMB109,489,636,000), of which current liabilities were RMB63,777,213,000 (31 December 2017: RMB66,045,368,000) and non-current liabilities were RMB67,738,928,000 (31 December 2017: RMB43,444,268,000); and the total equity was RMB38,200,682,000 (31 December 2017: RMB31,931,533,000).

The Group has sound liquidity and solvency. Current ratio of the Group as at 31 December 2018 was 2.16 (31 December 2017: 1.69).

As at 31 December 2018, the Group’s cash at bank and on hand amounted to RMB22,526,602,000 (31 December 2017: RMB21,038,178,000), which represented sufficient funds for operations. As at 31 December 2018, loans and debentures of the Group amounted to RMB88,549,769,000 (31 December 2017: RMB66,454,653,000) in aggregate, of which the long-term loans and debentures amounted to RMB65,130,175,000 (31 December 2017: RMB40,829,869,000). The bank loans were mainly used to satisfy the capital requirements of the Group’s property development projects.

As at 31 December 2018, the Group’s gearing ratio was approximately 77% (31 December 2017: 77%). The gearing ratio of the Group is calculated as the total liabilities divided by the total assets.

2. Changes in major subsidiaries, principal jointly controlled entities and associates

Hangzhou Linchuang Real Estate Co., Ltd. (杭州臨創置業有限公司), a subsidiary of the Group, was established in January 2018, and 100% of its equity interest was held by the Group.

Beijing Shouzhi Culture Technology Development Co., Ltd. (北京首置文化科技發展有限公司), a subsidiary of the Group, was established in January 2018, and 100% of its equity interest was held by the Group.

Beijing Tailongxiang Property Co., Ltd. (北京泰龍翔置業有限公司), a subsidiary of the Group, was established in February 2018, and 100% of its equity interest was held by the Group.

Prime Golden Capital, a subsidiary of the Group, was established in February 2018, and 100% of its equity interest was held by the Group.

TRADE HORIZON GLOBAL LIMITED (貿景環球有限公司) (“Trade Horizon”), a subsidiary of the Group, was established in April 2018, and 72.94% of its equity interest was held by the Group.

Chongqing Shouhao Property Co., Ltd. (重慶首灝置業有限公司), a subsidiary of the Group, was established in May 2018, and 100% of its equity interest was held by the Group.

Qingdao Grand Outlets Commercial Management Co., Ltd. (青島鉅大奧萊商業管理有限公司), a subsidiary of the Group, was established in May 2018, and 72.94% of its net assets were held by the Group.

Shoujin Innovation (Beijing) Investment Management Co., Ltd. (首金創新(北京)投資管理有限公司), a subsidiary of the Group, was established in June 2018, and 100% of its equity interest was held by the Group.

Beijing Capital Qianyuan Traditional Culture Development Co., Ltd. (北京首創乾元傳統文化發展有限公司), a subsidiary of the Group, was established in June 2018, and 100% of its equity interest was held by the Group.

Zhangjiakou Ruiyuan Real Estate Development Co. Ltd. (張家口睿源房地產開發有限公司), a subsidiary of the Group, was established in July 2018, and 92% of its equity interest was held by the Group.

Nanning Grand Outlets Real Estate Co., Ltd. (南寧鉅大奧特萊斯置業有限公司), a subsidiary of the Group, was established in July 2018, and 72.94% of its net assets were held by the Group.

Qingdao Canghaiweiye Real Estate Development Co. Ltd. (青島滄海偉業房地產開發有限公司), a subsidiary of the Group, was established in August 2018, and 100% of its equity interest was held by the Group.

Chengdu Capital Huafu Real Estate Co., Ltd. (成都首創華府置業有限公司), a subsidiary of the Group, was established in August 2018, and 100% of its equity interest was held by the Group.

Foshan Shoulang Real Estate Development Co. Ltd. (佛山首朗房地產開發有限公司), a subsidiary of the Group, was established in August 2018, and 100% of its equity interest was held by the Group.



Shanghai Shouyue Real Estate Co., Ltd. (上海首悅置業有限公司), a subsidiary of the Group, was established in August 2018, and 100% of its equity interest was held by the Group.

Shanghai Shouzhai Real Estate Co., Ltd. (上海首翟置業有限公司), a subsidiary of the Group, was established in August 2018, and 100% of its equity interest was held by the Group.

Shoujin Xinchuang (Tianjin) Real Estate Co., Ltd. (首金新創(天津)置業發展有限公司), a subsidiary of the Group, was established in September 2018, and 100% of its equity interest was held by the Group.

Shoujin Jichuang (Tianjin) Real Estate Co., Ltd. (首金吉創(天津)置業發展有限公司), a subsidiary of the Group, was established in October 2018, and 100% of its equity interest was held by the Group.

Shoujin Ruichuang (Tianjin) Real Estate Co., Ltd. (首金瑞創(天津)置業發展有限公司), a subsidiary of the Group, was established in October 2018, and 100% of its equity interest was held by the Group.

During the year, the Group acquired 51% equity interest of Tianjin TJ-Metro MTR Construction Company Limited (天津城鐵港鐵建設有限公司). Following the completion of the acquisition, Tianjin TJ-Metro MTR Construction Company Limited became a wholly-owned subsidiary of the Group.

During the year, the Group subscribed for a share of RMB20,000,000 in the secondary limited partners of Zhuhai Hengqin Ruiyuan Tianxin Equity Investment Center (Limited Partnership) (珠海橫琴瑞元天信股權投資中心(有限合夥)) which is the parent of Chengdu Capital Ruihua Real Estate Co., Ltd. (成都首創瑞華置業有限公司). Following the completion of the subscription, Chengdu Capital Ruihua Real Estate Co., Ltd. became a wholly-owned subsidiary of the Group.

During the year, the Group entered into an agreement with a partner in relation to the joint development project of the property on the land at No. 2017-40, Wuqing through Tianjin Jiqing Property Co., Ltd. (天津吉慶置業有限公司) ("Tianjin Jiqing"), as the platform. Tianjin Ruitai Property Co., Ltd. (天津瑞泰置業有限公司) ("Tianjin Ruitai") was established by Tianjin Jiqing as the vehicle for project development. 50% equity interest of Tianjin Ruitai was held by the Group and the partner respectively.

During the year, the Group disposed of 59.5% equity interest (34% income rights) held in Beijing Financial Street International Hotel Limited (北京金融街國際酒店有限公司).

During the year, the Group disposed of 51% equity interest held in Beijing Kaiyuanhean Investment Management Co., Ltd. (北京開元和安投資管理有限公司). Following the completion of the transfer, Beijing Kaiyuanhean Investment Management Co., Ltd. became an associated company of the Group.

3. Entrusted Deposits and Overdue Time Deposits

As of 31 December 2018, the Group did not have any entrusted deposits in financial institutions in the PRC. Most of the Group's cash was held in commercial banks in the PRC in compliance with applicable laws and regulations. The Group has no bank deposits which are not recoverable upon maturity.

4. Borrowings

As at 31 December 2018, bank borrowings of RMB26,296,597,000 (31 December 2017: RMB11,868,815,000) were from credit facilities obtained by the Group, of which, RMB23,881,615,000 (31 December 2017: RMB5,304,164,000) were secured by guarantees provided by the Group for its subsidiaries; Nil (31 December 2017: RMB700,000,000) were secured by guarantees provided by subsidiaries of the Group for the Company; and RMB2,414,982,000 (31 December 2017: RMB5,864,651,000) were general credit facilities obtained by the Group.

As at 31 December 2018, the Group's guaranteed bank borrowings amounted to RMB6,393,000,000 (31 December 2017: RMB7,798,000,000), of which, RMB1,893,000,000 (31 December 2017: RMB2,298,000,000) were secured by the guarantees provided by the Company or the third parties for the subsidiaries; and RMB4,500,000,000 (31 December 2017: RMB5,500,000,000) were guaranteed by Beijing Capital Group Co., Ltd. ("Capital Group"), the controlling shareholder of the Company.

As at 31 December 2018, the Group's mortgaged bank borrowings amounted to RMB8,843,807,000 (31 December 2017: RMB8,848,615,000). Of them, RMB3,763,000,000 (31 December 2017: RMB3,219,375,000) were secured by certain relevant properties under development; RMB2,274,007,000 (31 December 2017: RMB3,190,000,000) were secured by investment properties and land use rights; RMB1,116,800,000 (31 December 2017: RMB1,454,240,000) were secured by guarantees provided by the Group for its subsidiaries and by certain relevant properties under development of the subsidiaries; RMB1,600,000,000 (31 December 2017: RMB885,000,000) were secured by guarantees provided by the Group for its subsidiaries and by investment properties and land use rights of the subsidiaries; RMB90,000,000 (31 December 2017: RMB100,000,000) were secured by inter-company guarantees between subsidiaries of the Group and by investment properties and land use rights of relevant subsidiaries.

As at 31 December 2018, the Group's guaranteed and mortgaged bank borrowings amounted to RMB248,000,000 (31 December 2017: RMB1,464,000,000), of which RMB248,000,000 (31 December 2017: RMB1,220,000,000) were secured by guarantees provided by Capital Group for the Group and by relevant properties under development of the Group; and Nil (31 December 2017: RMB244,000,000) was secured by guarantees provided by the Company or third parties for subsidiaries and by relevant properties under development of the subsidiaries of the Group.

As at 31 December 2018, the Group's pledged bank borrowings amounted to RMB3,907,822,000 (31 December 2017: RMB2,744,743,000). Of them, Nil (31 December 2017: RMB224,743,000) was secured by bank deposits of the Group; RMB1,350,000,000 (31 December 2017: RMB888,000,000) were secured by the entitlement to the receivables to be generated from the sales of properties under development of the Group; RMB1,130,000,000 (31 December 2017: nil) were secured by the trade receivables of subsidiaries of the Group; Nil (31 December 2017: RMB1,482,000,000) were secured by guarantees provided by the Group for its subsidiaries and by the equity interests held by the Group in the subsidiaries; RMB286,470,000 (31 December 2017: RMB150,000,000) were secured by guarantees provided by the Group for its subsidiaries and by the trade receivables of subsidiaries of the Group; and RMB1,141,352,000 (31 December 2017: nil) were secured by inter-company guarantees between subsidiaries of the Group and by bank deposits of the Group.

As at 31 December 2018, the Group's mortgaged and pledged bank borrowings amounted to RMB1,073,000,000 (31 December 2017: RMB1,090,000,000), which were secured by guarantees provided by the Group for its subsidiaries, investment properties and land use rights of the subsidiaries of the Group and the entitlement to trade receivables of the Group.



5. Corporate Bonds

In May 2015, the Group issued 5-year RMB listed bonds in a principal amount of RMB3,000,000,000 with an interest rate of 4.58% per annum.

In October 2015, the Group issued 3-year RMB private bonds in a principal amount of RMB2,500,000,000 with a prevailing interest rate of 5.4% per annum. The issuer shall be entitled to adjust the coupon rate and the investors shall be entitled to sell back the bonds at the end of the second year. The bonds had been fully settled in October 2018.

In December 2015, the Group issued 3-year RMB private bonds in a principal amount of RMB2,500,000,000 with an interest rate of 4.78% per annum. The bonds had been fully settled in December 2018.

In April 2016, the Group issued 3-year RMB private bonds in a principal amount of RMB700,000,000 with a prevailing interest rate of 6.1% per annum. The issuer shall be entitled to adjust the coupon rate and the investors shall be entitled to sell back the bonds at the end of the second year.

In April 2016, the Group issued 5-year RMB private bonds in a principal amount of RMB2,300,000,000 with a prevailing interest rate of 4.2% per annum. The issuer shall be entitled to adjust the coupon rate and the investors shall be entitled to sell back the bonds at the end of the third year.

In June 2016, the Group issued 3-year RMB private bonds in a principal amount of RMB2,300,000,000 with a prevailing interest rate of 5.7% per annum. The issuer shall be entitled to adjust the coupon rate and the investors shall be entitled to sell back the bonds at the end of the second year.

In June 2016, the Group issued 5-year RMB private bonds in a principal amount of RMB1,700,000,000 with a prevailing interest rate of 4.26% per annum. The issuer shall be entitled to adjust the coupon rate and the investors shall be entitled to sell back the bonds at the end of the third year.

In July 2016, the Group issued 3-year RMB private bonds in a principal amount of RMB2,000,000,000 with a prevailing interest rate of 5.90% per annum. The issuer shall be entitled to adjust the coupon rate and the investors shall be entitled to sell back the bonds at the end of the second year. The current balance is RMB1,510,000,000.

In July 2016, the Group issued 5-year RMB private bonds in a principal amount of RMB1,000,000,000 with a prevailing interest rate of 3.84% per annum. The issuer shall be entitled to adjust the coupon rate and the investors shall be entitled to sell back the bonds at the end of the third year.

In September 2017, the Group non-publicly issued 3-year RMB corporate bonds in a principal amount of RMB500,000,000 with a prevailing rate of 5% per annum. The current balance is RMB400,000,000.

In November 2017, the Group non-publicly issued RMB corporate bonds in a principal amount of RMB500,000,000 with a maturity in September 2020 and an interest rate of 5.7% per annum. The current balance is RMB400,000,000.

In January 2018, the Group non-publicly issued RMB corporate bonds in a principal amount of RMB1,000,000,000 with a maturity in September 2020 and an interest rate of 5.7% per annum.



In April 2018, the Group issued 5-year RMB denominated private corporate bonds in a principal amount of RMB2,000,000,000 with a prevailing interest rate of 5.84% per annum. The issuer shall be entitled to an option to adjust the coupon rate and the investors shall be entitled to an option to sell back the bonds at the end of the third year.

In April 2018, the Group issued 3-year RMB denominated private corporate bonds in a principal amount of RMB1,000,000,000 with a prevailing interest rate of 5.7% per annum. The issuer shall be entitled to an option to adjust the coupon rate and the investors shall be entitled to an option to sell back the bonds at the end of the second year.

In July 2018, the Group issued 3-year RMB denominated private bonds in a principal amount of RMB1,500,000,000 with a prevailing interest rate of 5.80% per annum. The issuer shall be entitled to an option to adjust the coupon rate and the investors shall be entitled to an option to sell back the bonds at the end of the second year.

In July 2018, the Group issued 5-year RMB denominated private bonds in a principal amount of RMB500,000,000 with a prevailing interest rate of 5.94% per annum. The issuer shall be entitled to an option to adjust the coupon rate and the investors shall be entitled to an option to sell back the bonds at the end of the third year.

In September 2018, the Group issued 5-year RMB denominated listed corporate bonds in a principal amount of RMB2,500,000,000 with a prevailing interest rate of 4.89% per annum. The issuer shall be entitled to an option to adjust the coupon rate and the investors shall be entitled to an option to sell back the bonds at the end of the third year.

In September 2018, the Group non-publicly issued 3-year RMB denominated corporate bonds in a principal amount of RMB1,500,000,000 with a prevailing interest rate of 6% per annum.

In December 2018, the Group issued 3-year RMB denominated listed corporate bonds in a principal amount of RMB1,500,000,000 with a prevailing interest rate of 4.16% per annum.

In December 2018, the Group issued 5-year RMB denominated listed corporate bonds in a principal amount of RMB1,000,000,000 with a prevailing interest rate of 4.50% per annum.

6. Notes

In February 2014, Central Plaza Development Ltd. ("Central Plaza") established a Guaranteed Medium Term Notes and Perpetual Securities Scheme (the "Scheme"), pursuant to which International Financial Center Property Ltd. ("IFC") or, as the case may be, the Company would provide guarantees for securities to be issued thereunder. Under the Scheme, Central Plaza may offer and issue securities in a principal amount up to USD1,000,000,000.

In February 2014, Central Plaza made a drawdown under the Scheme to offer and issue 3-year notes in a total principal amount of RMB2,000,000,000 at an interest rate of 5.75% per annum. In February 2017, the notes have been repaid.



In February 2014, Central Plaza made a drawdown under the Scheme to offer and issue 5-year notes in a total principal amount of RMB250,000,000 at an interest rate of 6.875% per annum.

In April 2014, Central Plaza made a drawdown under the Scheme to offer and issue 3-year notes in a total principal amount of RMB1,000,000,000 at an interest rate of 5.75% per annum. In February 2017, the notes have been repaid.

In July 2015, Rosy Capital Global Limited (“Rosy Capital”), a subsidiary of the Group, issued 3-year RMB notes in a principal amount of RMB1,300,000,000 with an interest rate of 5.25% per annum, which were guaranteed by subsidiaries of the Group and with a keepwell and liquidity support deed provided by Capital Group. In July 2018, the notes have been repaid.

In January 2017, Central Plaza renewed the Scheme, pursuant to which IFC or, as the case may be, the Company would provide guarantees for securities to be issued thereunder. Under the renewed Scheme, Central Plaza may offer and issue securities in a principal amount of up to USD1,000,000,000.

In January 2017, Central Plaza made a drawdown under the renewed Scheme to offer and issue 3-year notes in a total principal amount of USD400,000,000 at an interest rate of 3.875% per annum.

In July 2017, Central Plaza made a drawdown under the renewed Scheme to offer and issue 3-year notes in a total principle amount of USD100,000,000 at an interest rate of 3.7% per annum.

In January 2018, Central Plaza renewed the Scheme, pursuant to which IFC or, as the case may be, the Company would provide guarantees for securities to be issued thereunder. Under the renewed Scheme, Central Plaza may offer and issue securities in a principal amount of up to USD2,000,000,000.

In January 2018, Central Plaza made a drawdown under the renewed Scheme to offer and issue 3-year notes in a total principal amount of USD500,000,000 at an interest rate of 3.875% per annum.

In August 2018, Trade Horizon issued 3-year notes in a total principal amount of USD400,000,000 at a prevailing interest rate of 4.91% per annum.

7. Equity Instrument

As of 31 December 2018, Central Plaza has issued a total amount of USD850,000,000 senior perpetual securities. Such securities were guaranteed by certain subsidiaries of the Group including IFC. Such securities have no maturity date and are redeemable at the option of Central Plaza as the issuer. Central Plaza as the issuer may elect to defer distribution with no times limit only if Central Plaza or the Company does not declare or pay a dividend. The securities are classified as equity instrument, where: in April 2013, Central Plaza issued USD400,000,000 senior perpetual capital securities at a distribution rate of 8.375%, which had been settled in April 2018.



In November 2014, Central Plaza issued USD450,000,000 perpetual securities under the Medium Term Notes and Perpetual Securities Scheme at a distribution rate of 7.125%.

In July 2016, the Group raised a total amount of RMB3,000,000,000 through Xinghan Assets. According to the terms of the Investment Agreement, the amount of other equity instruments recognized amounted to RMB2,895,291,000 after deducting the inevitable dividend payable in the foreseeable future.

In September 2017, the Group through Huaxin International Trustee raised a total amount of RMB2,000,000,000. According to the terms of Investment Agreement, the amount of other equity instruments recognized amounted to RMB1,970,027,000 after deducting the inevitable dividend payable in the foreseeable future.

In December 2017, the Group through Sino-Australian International Trust raised a total amount of RMB1,100,000,000. According to the terms of Investment Agreement, the amount of other equity instruments recognized amounted to RMB1,024,650,000 after deducting the inevitable dividend payable in the foreseeable future.

In March 2018, the Group issued a debt financing plan of RMB600,000,000. According to the terms of the Prospectus, other equity instruments recognized amounted to RMB553,800,000 after deducting the inevitable dividend payable in the foreseeable future.

In April 2018, the Group issued a debt financing plan of RMB200,000,000. According to the terms of the Prospectus, other equity instruments recognized amounted to RMB184,600,000 after deducting the inevitable dividend payable in the foreseeable future.

In June 2018, the Group issued a debt financing plan of RMB1,500,000,000. According to the terms of the Prospectus, other equity instruments recognized amounted to RMB1,416,525,000 after deducting the inevitable dividend payable in the foreseeable future. Bonds mentioned above were settled in full.

In June 2018, the Group issued perpetual medium-term notes of RMB2,000,000,000. Other equity instruments recognized amounted to RMB1,988,000,000 after deducting issue expenses.

In August 2018, the Group issued perpetual medium-term notes of RMB2,000,000,000. Other equity instruments recognized amounted to RMB1,991,000,000 after deducting issue expenses.

In August 2018, the Group issued debt financing plan of RMB1,800,000,000. Other equity instruments recognized amounted to RMB1,735,200,000 after deducting the inevitable dividend payable in the foreseeable future.

In September 2018, the Group issued perpetual debt instruments of RMB870,000,000 through Sino-Australian International Trust. Other equity instruments recognized amounted to RMB796,050,000 after deducting the inevitable dividend payable in the foreseeable future.

In September 2018, the Group issued a debt financing plan of RMB350,000,000. Other equity instruments recognized amounted to RMB337,400,000 after deducting the inevitable dividend payable in the foreseeable future.



8. Contingent Liabilities

The Group had arranged bank facilities for certain purchasers of its properties and provided guarantees to secure the repayment obligations of such purchasers. The outstanding balances of guarantees amounted to RMB7,284,277,000 at 31 December 2018 (31 December 2017: RMB7,966,533,000). Such guarantees will be terminated upon: (i) the issuance of the real estate interestship certificate which will generally be available within six months to two years after the Group transfers the ownership of the relevant property to its purchasers; (ii) the completion of the mortgage registration; and (iii) the issuance of the real estate other right certificate relating to the relevant property.

As at 31 December 2018, the Group provided a guarantee amounted to RMB649,500,000 for a long term borrowing of a joint venture.

As at 31 December 2018, the Group provided an irrevocable and joint and several guarantee expiring in May 2020 in respect of a long-term borrowing of RMB750,000,000 borrowed by a subsidiary of a joint venture from AVIC Trust Co., Ltd. in March 2018.

Save for the above, the Group had no other material external guarantee.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Li Songping (李松平), aged 56, was appointed as non-executive Director in February 2016 and was appointed as Chairman of the Company in August 2016. Mr. Li is a senior accountant. Mr. Li joined Capital Group in March 2006, and has served as a member of standing party committee, director and deputy general manager, and held the position of deputy party secretary, director and general manager of Capital Group since November 2015. Mr. Li has also served as a non-executive director of Capital Grand from February 2016 to December 2016. Prior to joining Capital Group, Mr. Li worked at State-owned 761 Factory from August 1984 to March 1995, served as the deputy director and the director of the finance department, and became the deputy plant manager since 1994. From March 1995 to April 1996, he was the deputy director of Electronics Industry Office of the People's Government of Beijing Municipality. From April 1996 to July 1997, he was the director and the general accountant of Beijing Jingzhi Electronics Co., Ltd. From July 1997 to March 2000, he was the director and the general accountant of Beijing Electronic Information Industry (Group) Co., Ltd. From March 2000 to March 2006, he was the director, the general accountant and member of standing committee of Beijing Electronics Holdings Co., Ltd. Mr. Li obtained a Master's degree in Management from Changchun University of Science and Technology in 2009.

EXECUTIVE DIRECTORS

Zhong Beichen (鍾北辰), aged 44, was appointed as executive Director of the Company in April 2018, and was appointed as President of the Company in April 2018. Mr. Zhong served as architect of the Planning and Design Institute of the Department of Light Industry of the PRC from June 1996 to May 2000. Mr. Zhong served as architect of Beijing Sunshine Real Estate Comprehensive Development Company from May 2000 to December 2002, served as sales manager of Beijing Heng Yang Hualong Real Estate Co. from December 2001 to December 2003, Ltd, and served as deputy general manager of Beijing Anhua Shiji Real Estate Development Co., Ltd., a subsidiary of the Company, deputy general manager of the Commercial Property Development Department of Beijing Sunshine City Real Estate Development Co., Ltd., and general manager of the Product R&D Centre of the Company from January 2003 to December 2007 successively. Mr. Zhong served as vice president of Outlets Investment Management Limited from June 2010 to August 2011. Mr. Zhong served as Assistant President and general manager of Real Estate Development Department, Vice President and general manager of Real Estate Development Department from September 2011 to December 2013. Mr. Zhong was appointed as executive director and chief executive officer of Capital Grand from January 2014 to January 2017 and was appointed as Vice President of the Company from Jan 2017 to April 2018. He was appointed as executive director and chairman of the board of Capital Grand since January 2017. Mr. Zhong obtained his Bachelor's degree in Architecture from Xiamen University in 1996.

Li Xiaobin (李曉斌), aged 49, was appointed as executive Director of the Company in June 2017 and served as the Party Committee Secretary of the Company since May 2017. Mr. Li joined Capital Group in April 2003 and served as a staff member, deputy general manager and general manager of human resources department of Capital Group from April 2003 to October 2013. Mr. Li served as the secretary of the board of directors of Capital Group from August 2007 to May 2017 and also the head of the board office of Capital Group from August 2013 to April 2017. He was also the general manager of collaborative development department of Capital Group from January 2014 to December 2016. Prior to joining Capital Group, Mr. Li served as secretary of the president office, chief secretary, deputy head of the president office and branch party committee secretary of China National Packaging Import & Export



Corporation from August 1992 to March 2001; deputy head of general office, secretary to the board, manager of human resources department, human resources and administration director, assistant to the chairman of the board of Zhuojing Investment Holdings Co., Ltd. from March 2001 to July 2002; administrative director of Beijing Junshi Investment Holdings Group Co., Ltd. from July 2002 to October 2002; human resources and administrative director of Beijing Dadi Investment Co., Ltd. from October 2002 to January 2003; and head of human resources and administration office of Stellar Megamedia Co., Ltd. from January 2003 to April 2003. Mr. Li obtained a Bachelor of Arts degree from Peking University in July 1992 and a Master's degree in Public Administration from Peking University in July 2012.

Hu Weimin (胡衛民), aged 54, was appointed as executive Director of the Company in April 2018, and was appointed as Vice President of the Company since December 2008. From 1988 onwards, Mr. Hu served in Beijing Shougang Corporation, China Shougang International Trade & Engineering Corp. and Beijing Certified Public Accountants Co. Ltd. successively, mainly engaged in technological management, investment management and investment consultancy. He joined Capital Group in 1999 as the manager of the investment banking department of Beijing Guanwei Investment Management and Consultancy Company. Mr. Hu joined the Company in 2003, and was appointed as Assistant President of the Company in January 2007. Mr. Hu served as Secretary of the Board of Directors from August 2007 to March 2016. Mr. Hu obtained his master degree in engineering from Northeastern University in 1988.

Fan Shubin (范書斌), aged 50, was appointed as executive Director of the Company in April 2018, and was appointed as Vice President and Chief Financial Officer in October 2016. Mr. Fan served as the head of the Accounting Department of China Nonferrous Metals Industry Technology Development Company Limited from August 1992 to February 1995. He served as the manager of the Financial Department of China Rare Earth Development Company from March 1995 to April 2002. He joined Capital Group in May 2002 and served as the general manager of the Financial Management Department of Beijing Capital Co., Ltd., deputy general manager of the Planning and Financial Department and the general manager of the Financial Management Department of Capital Group. He served as Supervisor of the Company from December 2011 to October 2016. He obtained a Bachelor's degree in Accounting of Industrial Enterprises from North China University of Technology in July 1991 and an MBA degree from Guanghua School of Management, Peking University in July 2000.

NON-EXECUTIVE DIRECTORS

Su Jian (蘇健), aged 45, was appointed as non-executive Director of the Company in September 2016. Mr. Su is an engineer. Mr. Su joined Capital Group since July 2004, and served as an assistant to the general manager of Beijing Ark garden Real Estate Development Company Limited, the senior manager of the Real Estate Operations Management Department, deputy general manager of the Operations Management Department, and deputy general manager of the Real Estate Department of Capital Group; and has been the general manager of the Real Estate Department of Capital Group since June 2014. Mr. Su has served as a non-executive director of Capital Grand from December 2016 to May 2018. Prior to joining Capital Group, Mr. Su served as person in charge of Infrastructure Department of the Sanlian Group in Jinan, Shandong, the person in charge of infrastructure projects of Sanlian Urban Construction Co., Ltd. in Jinan, Shandong, the real estate project manager of Sanlian Urban Construction Co., Ltd. in Jinan, Shandong respectively from July 1995 to May 2002. Mr. Su graduated from the Department of Construction Engineering at Yantai University in July 1995, and received an MBA degree from the School of Economics and Management of Tsinghua University in July 2004.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Li Wang (李旺), aged 55, was appointed as an independent non-executive Director of the Company in December 2014. Mr. Li is a professor and a mentor for doctoral students in the School of Law of Tsinghua University, and a director of both Beijing Law Society and Chinese Society of International Law. From April 1993 to March 1994, Mr. Li has served as an assistant lecturer in the School of Law of Kyoto University in Japan. Mr. Li has been a lawyer in Sakamoto Law Firm in Japan, Oh-Ebashi LPC & Partners in Japan and J&R Law Firm in Beijing since April 1994 to November 1997 successively. Since November 1997, Mr. Li has been a lecturer, associate professor and a mentor for doctoral students in the School of Law of Tsinghua University. From October 2000 to October 2015, Mr. Li has been a lawyer in the TCHHF Law Firm in Beijing. Mr. Li has been a lawyer in the Tian Tai Law Firm in Beijing since October 2015. Mr. Li has been an external supervisor of Agricultural Bank of China since June 2015. Mr. Li obtained his Bachelor degree in Laws from China University of Political Science and Law in 1986, Master degree in Laws from Kyoto University in Japan in 1990, and Doctoral degree in Laws from Kyoto Sangyo University in Japan in 2005.

Wong Yik Chung, John (黃翼忠), aged 52, has been appointed as independent non-executive Director in April 2016. Mr. Wong is a fellow member of Hong Kong institute of Certified Public Accountants and a fellow member of Australian Society of Certified Practising Accountants. He also obtained a PRC Certificate of Independent Directorship in 2011. Mr. Wong was the assistant audit manager and the audit manager of PricewaterhouseCoopers from January 1992 to January 1996. Mr. Wong was the senior manager of Ernst & Young Global Limited from January 1996 to June 1998. He was the director of Vantage & Associates from July 1998 to December 1999. Mr. Wong was the director of Deloitte & Touche Corporate Finance Limited from January 2001 to March 2003. He was the director and senior consultant of Vantage Group and TMF Group from February 2003 to June 2010. Mr. Wong has been the director of Vantage Capitals Ltd. since January 2011, Mr. Wong served as the independent non-executive director of Golden Resources Development International Limited (Stock Code: 677) from September 2004 to August 2015, Beijing North Star Company Limited (Stock Code: 588) from May 2009 to May 2015, General Steel Holdings Inc. (New York Stock Exchange stock code: GSI) from August 2005 to July 2015, Western Securities Co., Ltd. (西部證券股份有限公司) (SZSE Stock Code: 002673) from December 2007 to December 2014, Biosino Bio-Technology and Science Incorporation (Stock Code: 8247) from March 2011 to December 2015, and Yang Guang Co., Ltd. (陽光新業地產股份有限公司) (SZSE Stock Code: 000608) from November 2008 to March 2016. Mr. Wong was appointed as the independent non-executive director of Perfect Optronics Limited (Stock Code: 8311) with effect from January 2014 and EcoGreen International Group Limited (Stock Code: 2341) with effect from June 2004 and Long Ji Tai He Holding Limited (Stock Code: 1281) with effect from October 2015. Mr. Wong obtained his Bachelor degree in Economics from the University of Melbourne, Australia in 1991.

Liu Xin (劉昕), aged 49, was appointed as independent non-executive Director of the Company in December 2017. Mr. Liu is a professor and a PhD tutor of the Institute of Public Organisation and Human Resources at the School of Public Administration and Policy in Renmin University of China, and he is also a researcher at the Institute of Development and Strategy in Renmin University of China. During 1987 to 1997, he studied in the School of Labour and Human Resources in Renmin University of China and was the first student in the PRC who obtained a Doctorate in Labour Economics (Human Resources Stream). He has been teaching in Renmin University of China since his graduation in 1997. From August 1998 to July 1999, Mr. Liu served as a visiting tutor at Ghent University in Belgium. From August 2009



to July 2010, Mr. Liu served as a senior visiting tutor of the Fulbright Program at Harvard University in the US. From September 2011 to January 2012, Mr. Liu served as a postgraduate course professor of Gerald R. Ford School of Public Policy, University of Michigan in the US. From 2003 to 2013, he served as a chief expert and senior partner of Beijing Boom HR Consulting Co., Ltd to participate in the management and operation of the company. Mr. Liu is currently a deputy chairman and chief secretary of China's Association of Human Resource Management Teaching and Practicing, a senior technical titles review expert of Ministry of Human Resources and Social Security of the PRC, a member of Performance Assessment Committee of State Administration of Taxation.

SUPERVISORS

Deng Wenbin (鄧文斌), aged 42, was appointed as Supervisor of the Company in April 2018. Mr. Deng joined Capital Group in October 2013 and served as the deputy general manager of the Strategic Planning Department from October 2013 to June 2016. Mr. Deng was the general manager of Corporate Management Department from June 2016 to April 2017. Since April 2017, Mr. Deng became the general manager of Strategic Planning Department. Prior to joining Capital Group, Mr. Deng was a staff member of China Siwei Surveying and Mapping Technology Co., Ltd from July 1999 to July 2000. He worked as a translator at Beijing Chuansi Technology Co., Ltd. from July 2000 to September 2001. Mr. Deng served as a staff member and the deputy general manager of the Financing and Constructing Department of Beijing Infrastructure Investment Co., LTD from July 2004 to May 2008. He was the deputy chief engineer of Beijing Transportation Development & Research Center from May 2008 to April 2011, during which time he was seconded to the Infrastructure Office of the Beijing Municipal Commission of Development and Reform from September 2006 to May 2010, and subsequently to the Enterprise Reform Department of the State-owned Assets Supervision and Administration Commission of the Beijing Municipal People's Government from June 2010 to April 2011. Mr. Deng served as the deputy research officer of the Enterprise Reform Department of the State-owned Assets Supervision and Administration Commission of the Beijing Municipal People's Government from April 2011 to October 2013. Mr. Deng obtained his master's degree in Road and Railway Engineering from School of Civil Engineering of Beijing Jiaotong University.

Jiang Hebin (蔣和斌), aged 48, was appointed as Supervisor of the Company in December 2011. Mr. Jiang served as a project budget engineer of Beijing Central Iron & Steel Research Institute, a senior supervisor of the Planning and Consultation Department of China Energy Conservation Investment Corporation, and a budget engineer of Beijing Sunshine Real Estate Development Comprehensive Development Company from 1993 to 2002. He joined the Company in December 2002 and served as a tendering supervisor of the Department of Operation Management, a contractual budget manager, assistant to general manager and deputy general manager of Beijing Anhua Shiji Real Estate Development Company Limited, and a senior professional manager and the general manager of the Cost Control Center successively. Mr. Jiang served as the general manager of the Risk Control Center of the Company from January 2011 to July 2014. Mr. Jiang is the general manager of the Strategic Procurement Center of the Company from July 2014 to February 2017. Mr. Jiang is the general manager of Beijing Lize Financial Business District Holdings Company since October 2016. Mr. Jiang was appointed as the safety officer of the Company from November 2017 to February 2019. Mr. Jiang obtained a Bachelor degree in Works Pricing Management from Jiangxi University of Science and Technology in 1993 and obtained a Master degree in Management Science and Engineering from the Graduate University of Chinese Academy of Sciences in 2007.

Tang Yanan (湯亞楠), aged 38, was appointed as Supervisor of the Company in July 2018. Ms. Tang is an intermediate accountant. Ms. Tang joined Capital Group since February 2006 and had served as head of accounting of the Accounting Information Department of Beijing Capital Co., Ltd., accountant and assistant to general manager of the Financial Management Department of Capital Group, and served as deputy general manager of the Financial Management Department of Capital Group since January 2017. Ms. Tang served as Supervisor of the Company from November 2016 to April 2018. Prior to joining Capital Group, Ms. Tang served as an auditor of Beijing Jingdu Certified Public Accountants from August 2003 to February 2006. Ms. Tang obtained a Bachelor's degree in Management from the School of Business Administration of the Jingdezhen Ceramic Institute, Jiangxi Province in 2003 and a Master of Science from Hong Kong Baptist University in 2012.

SENIOR MANAGEMENT

Li Xuhua (李旭華), aged 42, was appointed as Vice President in January 2017. Mr. Li was a civil engineer of Beijing Urban Construction and Construction Engineering Co., Ltd. from July 1998 to November 2000, and a service manager of Beijing Vanke Enterprise Co., Ltd. customer service center from November 2000 to March 2004. Mr. Li joined the Company in April 2004 and served as senior manager of Marketing Department, assistant general manager of Brand Marketing Center of the Company, assistant general manager and deputy general manager of Chongqing Company and deputy general manager and general manager of Qingdao Company successively. He was appointed as the general manager of Shanghai Company since March 2015 and the Assistant President since May 2016. Mr. Li obtained a bachelor's degree in engineering from Harbin University of Architecture in 1998.

Xu Kai (徐錯), aged 43, was appointed as Vice President of the Company in January 2018. Mr. Xu served in Zhongxie Shenzhen Investment Company Limited and engaged in investment management from July 1997 to October 1998. Mr. Xu served as a property consultant at WorldUnion Property Consultancy Co., Ltd. from October 1998 to September 2001. He later served as a marketing manager at Beijing Vantone Real Estate Co., Ltd from September 2001 to June 2005. Mr. Xu joined the Company in June 2005 and had served as the specialized manager and senior manager of Investment Management Center, senior manager of the Brand Marketing Center and the project manager of the Wanning Project of the Company successively. Mr. Xu served as the general manager of Strategic Investment Center of the Company since July 2014. He also served as the general manager of the Operation Management Center of the Company from September 2015 to May 2016. Mr. Xu also served as the general manager of Shenzhen Company from June 2016 to February 2017 and from July 2017 to October 2018. He was appointed as the Assistant President of the Company from June 2016 to January 2018. He was also appointed as the general manager of Beijing Capital Land Guangdong-Hong Kong-Macao Area Co., Ltd.. Mr. Xu obtained a bachelor's degree in Economics from Wuhan University in 1997.



SECRETARY OF THE BOARD OF DIRECTORS

Qin Yi (秦怡), aged 40, was appointed as Secretary of the Board of Directors since March 2016. Ms. Qin served in the financial department of Beijing Saike Pharmaceutical Co., Ltd. from 2000 to 2001. Ms. Qin joined the Company in July 2004 and served as a professional supervisor of business development department, senior manager of Strategy Development Centre, assistant general manager and deputy general manager of Capital Management Centre respectively. Ms. Qin has served as general manager of Capital Management Centre since February 2014, and Ms. Qin also served as a non-executive director of Capital Grand since December 2018. Ms. Qin obtained a Bachelor degree in Economics from China Institute of Finance and Banking in 2000 and a Master degree in Economics from School of Economics from Peking University in 2004.

COMPANY SECRETARY

Lee Sze Wai (李斯維), aged 36, was appointed as Company Secretary since November 2014. Mr. Lee is also a company secretary of Capital Grand. Mr. Lee is a member of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries. He is a charterholder of Chartered Financial Analyst. From February 2010 to August 2011, he served as financial controller and company secretary of Greenfield Chemical Holdings Limited (Stock Code: 582). From August 2011 to November 2014, he worked with Allied Group Limited (Stock Code: 373) as an assistant company secretary. He was the company secretary of Allied Overseas Limited (Stock Code: 593) from March 2012 to January 2014. Mr. Lee obtained his Bachelor degree in Economics and Finance from the University of Hong Kong in 2004.

DIRECTORS' REPORT

The Board of Directors is pleased to present to the shareholders their report together with the audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The Group is principally engaged in real estate development and investment, commercial real estate operation, property consulting services and investment holding. The business review of the Group in accordance with Schedule 3 of Hong Kong Companies Ordinance is set out in "Management Discussion and Analysis" section of this annual report.

RESULTS

The results of the Group for the year ended 31 December 2018, prepared in accordance with China Accounting Standards for Business Enterprises and its financial position as at the same date are set out on pages 97 to 106 of the annual report.

DIVIDENDS

At a Board meeting held on 8 March 2019, the Board proposed a final dividend of RMB0.22 per share based on the Company's total issued number of shares of 3,027,960,000 on the same day and the total amount payable will be RMB666,151,200. This proposed dividend is not represented as a dividend payable in the financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2018.

CLOSURE OF REGISTER OF MEMBERS

(a) 2018 Annual General Meeting

2018 Annual General Meeting is expected to be convened on 23 April 2019. The register of members will be closed from Tuesday, 16 April 2019 to Tuesday, 23 April 2019, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending the forthcoming annual general meeting, all transfer forms accompanied by the relevant share certificates of the H shareholders must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17 Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Monday, 15 April 2019.

(b) Proposed Final Dividend

The register of members will be closed from Monday, 6 May 2019 to Thursday, 9 May 2019, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfer forms accompanied by the relevant share certificates of the H shareholders must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17 Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Friday, 3 May 2019. It is expected that the final dividend, if approved by shareholders at the forthcoming annual general meeting, will be paid on or before the end of June 2019.



ENTERPRISE INCOME TAX WITHHOLDING OF OVERSEAS NON-RESIDENT ENTERPRISES

Pursuant to the Corporate Income Tax Law of the People's Republic of China (the "PRC") and other relevant implementation regulations which come into effect in 2008, the Company is required to withhold corporate income tax at the rate of 10% when it distributes the proposed 2018 final dividend to non-resident enterprises (as defined in the Corporate Income Tax Law of the PRC) whose names are registered on the H-share register of members of the Company at 4:30 p.m. on Friday, 3 May 2019. Such non-resident enterprises shall include HKSCC Nominees Limited.

No withholding of corporate income tax will be made in respect of dividends payable to natural persons whose names are registered on the H-share register of members of the Company. The Company will withhold corporate income tax for payment pursuant to, and in accordance with, the relevant PRC tax laws and regulations and based on the information as appeared on the H-share register of members of the Company. The Company assumes no responsibility or liability whatsoever for confirming the identity of the Shareholders and for any claims arising from any delay in or inaccurate determination of the identity of the Shareholders or any dispute over the withholding mechanism.

OTHER RESERVES

Details of movements of other reserves of the Group and the Company during the year are set out in the Consolidated Statement of Changes in Equity on page 105 of this annual report and the Company Statement of Changes in Equity on page 106 of this annual report.

FINANCIAL HIGHLIGHTS AND FIVE YEAR FINANCIAL SUMMARY

The Group's results and summary of assets and liabilities for the last five years are set out on page 5 of this annual report.

KEY RISK FACTORS

The following paragraphs lists out the key risks and uncertainties facing the Group. It is a non-exhaustive list and there may be other risks and uncertainties further to the key risk areas outlined below. Besides, this Annual Report does not constitute a recommendation or an advice for anyone to invest in the securities of the Company and investors are advised to make their own judgment or consult their own investment advisors before making any investment in the securities of the Company.

Policy Risks:

As one of the pillar industries for China's national economic development, the real estate sector is closely correlated to factors such as the development of the national economy and the growth of residents' income, and hence is to a large extent subject to the macroeconomic regulation and control as well as industrial policies. In light of a series of regulatory policies on the real estate sector launched by the central and local governments in recent years in response to any changes in China's macroeconomic situation and structural adjustments made in the real estate sector, the policies regarding the real estate industry, financial and credit policies, taxation policies and land policies imposed on the Company may be subject to adjustment. The uncertainty associated with those policies may expose the Group to risks and in turn cause adverse effects to the Group's investment, operation and sales.

In order to better cope with the opportunities and challenges brought about by policy changes, the Company paid close attention to industry policies and responded to the call of the state in a timely manner so as to grasp the opportunities of transformation and upgrading, and continuously innovated and expanded its business, thereby spreading risks and seizing the market development opportunities.

KEY RISK FACTORS *(Continued)*

Capital Risks:

The real estate sector is a capital-intensive industry. In recent years, with the tightened control of the state over the real estate finance, the real estate enterprises had limited access to the financing channels and the financing costs had been rising continuously. The Company is facing an extremely tough financial environment.

The Company had been actively exploring diversified financing channels and innovating its financing methods. In addition to quickening turnover and accelerating payback, the Company strengthened the centralized management of funds by establishing a fund department, which was responsible for coordinating the management of the Company's funds used for investment, financing and business chains, ensuring the safety of the Company's funds and meeting the funds needed for the Group's projects development. During the year, the Company launched a brand new finance platform Prime Golden Capital, to facilitate the deep integration between the real estate and finance sectors and attract more public funds for the project development.

Market Risks:

The real estate enterprises compete for the land purchase intensely; local governments introduced various policies designed to impose restrictions on the real estate pricing, purchase and mortgage; the property buyers' demand for real estate products and related services is increasingly diversified and customized while desiring higher quality of products and related services; and the products in the real estate market are becoming more diversified. Accordingly, the market competition becomes fiercer. If the Company can not launch any real estate products that meet consumer's demands by timely understanding the geographical location, planning design, product pricing, ancillary services and product features and accurately responding to changes in consumers' demands, it may record poor sales from some of such products because of unclear positioning or scant demand, which will in turn do harm to the economic benefits of the Company.

The Company strategically switched its focus from five core cities to three city-clusters (namely Beijing-Tianjin-Hebei, Yangtze River Delta and Guangdong-Hong Kong-Macao Greater Bay Area), and proactively deployed resources to second-tier single-core cities with huge potential, thereby reducing the risk of relying on particular markets.

Operation Risks:

As for the real estate project, the lengthy development cycle, the complicated construction environment, the substantial amount of investment, lots of cooperation companies from various industries involved, any default of clients, suppliers and business partners and insufficiency or errors of the internal controls may have an adverse impact on the Company's business operation.

The Company adopted strict supplier selection standards and strategic and collective procurement while under-performing suppliers would be eliminated; it strengthened the overall management of construction schedule, quality and safety, reduced construction risks and emphasized safe development; and it fully carried out the product strategy of "BCL Made 2020" to commit itself to offering high-quality products and comprehensively improving the construction quality. Despite those measures that the Company have in place to reduce operation risks, some accidents may occur anyway, which may in turn result in a decrease in our results of operation and even tarnish our reputation.



KEY RISK FACTORS *(Continued)*

Foreign Exchange Risks:

As the business scale of the Company in Australia and France had been gradually expanding and the overseas financing channels continued to expand, the two-way fluctuations of the RMB against the US dollar stepped up the foreign exchange risks faced by the Company when conducting investment and financing activities.

In order to minimize the exchange rate risks and ensure the security of investment and financing funds, the Company purchased a variety of foreign exchange products for all Australian-dollar investments and new foreign currency financings. Moreover, during the year, a foreign exchange risk management committee had been established as the decision-making body for the foreign exchange risk management, setting up a three-level foreign exchange risk management structure composed of the committee, the headquarter center of the Group and all the front-line staff.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group's total purchase of goods and services from its five largest suppliers accounted for about 37.96% and the Group's total revenue from sales of goods and services to its five largest customers accounted for about 12.54%. The Group's total purchase of goods and services from the largest supplier accounted for about 15.46% and the Group's total revenue from sales of goods and services to the largest customers accounted for about 3.77%.

None of the directors, their associates or any shareholders (which to the knowledge of the directors own more than 5% of the Company's share capital) had an interest in the major suppliers or customers mentioned above.

FIXED ASSETS

Details of the movement of fixed assets of the Group during the year are set out in note 4(17) to the consolidated financial statements.

PRINCIPAL PROPERTIES

The summary of principal properties owned by the Group is set out on pages 8 to 15 of the annual report.

INVESTMENT PROPERTIES

Details of the movement of investment properties of the Group during the year are set out in note 4(16) to the consolidated financial statements.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

In the year ended 31 December 2018, the Company had not redeemed any of its shares. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed securities during the period.

DEBENTURES

Details of the debentures issued by the Company and subsidiaries of the Company during the year are set out in note 4(31) to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

As of 31 December 2018, no equity-linked agreements that will or may result in the Company issuing shares, or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company.

DIRECTORS AND SUPERVISORS

The directors and supervisors for the year are as follows:

Directors

Non-Executive Director

Mr. Li Songping (*Chairman*)

Executive Directors

Mr. Zhong Beichen (*President*) (*Appointed on 27 April 2018*)

Mr. Li Xiaobin

Mr. Hu Weimin (*Appointed on 27 April 2018*)

Mr. Fan Shubin (*Appointed on 27 April 2018*)

Mr. Tang Jun (*Retired on 27 April 2018*)

Non-Executive Directors

Mr. Su Jian

Ms. Su Zhaohui (*Retired on 27 April 2018*)

Mr. Sun Shaolin (*Retired on 27 April 2018*)

Independent Non-Executive Directors

Mr. Li Wang

Mr. Wong Yik Chung, John

Mr. Liu Xin



DIRECTORS AND SUPERVISORS *(Continued)*

Supervisors

Mr. Deng Wenbin *(Appointed on 27 April 2018)*

Ms. Tang Yanan *(Appointed on 26 July 2018)*

Mr. Jiang Hebin

Mr. Mu Zhibin *(Appointed on 27 April 2018 and resigned on 26 July 2018)*

The biographical details of directors, supervisors and senior management are set out on pages 54 to 59 of the annual report.

DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE EMOLUMENTS

Details of directors, supervisors and chief executive emoluments are set out in note 9(8) to the consolidated financial statements.

HIGHEST PAID INDIVIDUALS

Details of the five individuals with the highest remuneration of the Group during the year are set out note 9(9) of the consolidated financial statements.

MANAGEMENT CONTRACTS

Except for the connected transactions as stated in this report, no contract concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

INTERESTS OF DIRECTORS AND SUPERVISORS

As at 31 December 2018, none of the directors, supervisors and chief executive of the Company had any interest or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies. None of the directors, supervisors and chief executive of the Company, their spouses or children under the age of 18 had been granted any rights to subscribe for equity or debt securities of the Company, nor had any of them exercised such rights during the year.

INTERESTS OF DIRECTORS AND SUPERVISORS IN CONTRACTS

Apart from service contracts in relation to the Company's business, no contract of significance to which the Company, its holding company, any of its subsidiaries or its fellow subsidiaries was a party, and in which a director or supervisor had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

INTERESTS OF DIRECTORS AND SUPERVISORS IN COMPETING BUSINESS

Pursuant to Rule 8.10(2)(b) of the Listing Rules, the Company discloses that during the year and up to the date of this report, the following directors of the Company are also directors of Beijing Capital Grand Limited ("Capital Grand"):

Name of Director	Position held in Capital Grand
Zhong Beichen	Executive Director and Chairman

Capital Grand is a listed subsidiary of the Company, which is principally engaged in commercial property development, with a focus on the development, operation and management of outlets-backed commercial integrated projects and non-outlet retail-property projects in PRC. As the board of directors of the Company operates independently of the board of Capital Grand, the Company operates its business independently of, and at arm's length from, the businesses of Capital Grand.

Non-competition undertaking between the Company and Capital Grand

On 10 October 2018, the Company and Capital Grand entered into an Amended Non-Competition Deed, to differentiate both parties by types of operation, details of which are set out in the announcement of the Company dated 10 October 2018, dated 29 November 2018 and the circular of the Company dated 14 November 2018.

The Company confirms that it has complied with the non-competition undertaking under the Amended Non-Competition Deed during the year of 2018.

SHARE CAPITAL

As at 31 December 2018, there was a total issued share capital of 3,027,960,000 shares of the Company (the "Shares") which include:

	Number of Shares	Approximate percentages of share capital
Domestic Shares	1,649,205,700	54.47%
Non-H Foreign Shares	357,998,300	11.82%
H Shares	1,020,756,000	33.71%



SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 December 2018, the following persons (not being director or chief executive of the Company), so far as is known to any director, had interests or short positions in the Shares and underlying shares of the Company 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 shareholders	Number of Shares directly and indirectly held	Class of Shares	Approximate percentages in relevant class of shares (%)			Approximate percentages in total issued share capital (%)		
			Direct interests	Indirect interests	Aggregate interests	Direct interests	Indirect interests	Aggregate interests
Beijing Capital Group Co., Ltd. ("Capital Group")	1,649,205,700 (Note 1)	Non-listed Shares	82.17 (long position)	-	82.17	54.47 (long position)	-	54.47
Beijing Rongtong Zhenghe Investment Management Co., Ltd.	357,998,300 (Notes 1 and 2)	Non-listed Shares	-	17.83 (long position)	17.83	-	11.82 (long position)	11.82
Guoda Limited	357,998,300 (Note 3)	Non-listed Shares	-	17.83 (long position)	17.83	-	11.82 (long position)	11.82
China Resource Products Limited	357,998,300 (Note 4)	Non-listed Shares	13.71 (long position)	4.12 (long position)	17.83	9.09 (long position)	2.73 (long position)	11.82
Yieldwell International Enterprise Limited	82,762,100	Non-listed Shares	4.12 (long position)	-	4.12	2.73 (long position)	-	2.73
Reco Pearl Private Limited	121,814,000	H Shares	11.93 (long position)	-	11.93	4.02 (long position)	-	4.02
Recosia China Pte Ltd.	121,814,000 (Note 5)	H Shares	-	11.93 (long position)	11.93	-	4.02 (long position)	4.02
Recosia Pte Ltd.	121,814,000 (Note 6)	H Shares	-	11.93 (long position)	11.93	-	4.02 (long position)	4.02
Government of Singapore Investment Corporation (Realty) Pte Ltd.	121,814,000 (Note 7)	H Shares	-	11.93 (long position)	11.93	-	4.02 (long position)	4.02

Notes:

- 1,649,205,700 Shares are directly held by Capital Group. As at 31 December 2018, China Resource Products Limited is held as to 31.53% by Beijing Sunshine Real Estate Comprehensive Development Company (北京陽光房地產綜合開發公司), which in turn is wholly-owned by Capital Group. Accordingly, Capital Group is not deemed to be interested in 275,236,200 Shares held through China Resource Products Limited and 82,762,100 Shares held through China Resource Products Limited and Yieldwell International Enterprise Limited pursuant to the SFO.
- 275,236,200 Shares are deemed corporate interests pursuant to the SFO indirectly held through Guoda Limited and China Resource Products Limited. 82,762,100 Shares are deemed corporate interests pursuant to the SFO indirectly held through Guoda Limited, China Resources Products Limited and Yieldwell International Enterprise Limited.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES *(Continued)*

Notes: (Continued)

3. 275,236,200 Shares are deemed corporate interests pursuant to the SFO indirectly held through China Resource Products Limited. 82,762,100 Shares are deemed corporate interests pursuant to the SFO indirectly held through China Resources Products Limited and Yieldwell International Enterprise Limited.
4. 82,762,100 Shares are deemed corporate interests pursuant to the SFO indirectly held through Yieldwell International Enterprise Limited.
5. 121,814,000 Shares are deemed corporate interests pursuant to the SFO indirectly held through Reco Pearl Private Limited.
6. 121,814,000 Shares are deemed corporate interests pursuant to the SFO indirectly held through Reco Pearl Private Limited and Recosia China Pte Ltd.
7. 121,814,000 Shares are deemed corporate interests pursuant to the SFO indirectly held through Reco Pearl Private Limited, Recosia China Pte Ltd. and Recosia Pte Ltd.

Save as disclosed above, so far as is known to the directors, there was no person (other than a director or chief executive of the Company) who, as at 31 December 2018, had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

DESIGNATED DEPOSIT AND DUE FIXED DEPOSIT

As at 31 December 2018, the Group had no Designated Deposit and Due Fixed Deposit.

EMPLOYEES

As at 31 December 2018, the Group had 2,973 staff. Remuneration is determined by reference to market terms and the performance, qualifications and experience of individual employee. Employee benefits provided by the Group include provident fund schemes, medical insurance scheme, unemployment insurance scheme and housing provident fund.

The Group has also adopted, and was subsequently amended in 2018, the Long Term Incentive Fund Scheme, details of which have been disclosed in the circular dated 7 February 2018 and approved in the Annual General Meeting held on 24 February 2018.

STAFF HOUSING QUARTERS

During the year, the Group did not provide any housing quarters to its staff.



CONNECTED TRANSACTIONS

- (a) On 11 April 2018, the Company entered into Properties Transaction Contract with Capital Group, Beijing Shuixing Investment Management Co., Ltd. (北京水星投資管理有限責任公司) (“Beijing Shuixing”) and Shouzheng Desheng Capital Management Co., Ltd. (首正德盛資本管理有限責任公司) (“Shouzheng Desheng”), in relation to, among others, the disposal of 10% equity interests of the JV to Capital Group by the Company at RMB23,200,000 (as defined in the relevant announcement). Details of which have been disclosed in the announcement dated 11 April 2018.
- (b) On 28 December 2018, Chongqing Xinshi Real Estate Development Co., Ltd. (重慶首創新石置業有限公司) (“Chongqing Xinshi”) (a wholly-owned subsidiary of the Company), Beijing Capital Asset Management Co., Ltd. (北京首創資產管理有限責任公司) (“Capital Investment”) and the Chongqing Haohua Land Ltd. (重慶昊華置業有限公司) (“Chongqing Haohua”) entered into the Acquisition Agreement, pursuant to which, amongst others, Chongqing Xinshi will acquire (i) the 30% equity interest held by Capital Investment in the Chongqing Haohua at a consideration of RMB103,700, which is subject to SASAC final approval but expected not more than RMB300,000; and (ii) the loans owed by the Chongqing Haohua to Capital Investment at the carrying amount of RMB69,577,448.66 in aggregate. Further, Chongqing Xinshi will provide the Chongqing Haohua with additional loans of no more than RMB73,000,000 in aggregate at the interest rate of 10% per annum for funding the development of the Site. Following the Completion of the Equity Transfer, Chongqing Xinshi will directly hold 30% equity interest in the Chongqing Haohua, which is principally engaged in the development and sales of the Site. In addition, Chongqing Xinshi, Capital Asset and the Chongqing Haohua entered into the Assignment Agreement on 28 December 2018, Capital Asset will assign to Chongqing Xinshi the loans owed by the Chongqing Haohua to Capital Asset at the carrying amount of RMB25,116,620 in aggregate. Details of which have been disclosed in the announcement dated 28 December 2018.

CONTINUING CONNECTED TRANSACTION

- (a) (i) On 3 June 2016, the Company announced that the acquisition of equity interest in Beijing Donghuan Xinrong Investment Management Limited (北京東環鑫融投資管理有限責任公司) (“Donghuan Xinrong”) at a consideration of RMB1,297,830,000 and the shareholders’ loan in the amount of approximately RMB269,412,000 has been completed. Donghuan Xinrong is a company established in the PRC with limited liability and is primarily engaged in the property management and leasing of offices in Capital Building (首創大廈). Prior to completion, Donghuan Xinrong and Capital Group and its subsidiaries have entered into certain lease agreements, pursuant to which Donghuan Xinrong has agreed to lease certain units in Capital Building to Capital Group and its subsidiaries. Upon completion of the acquisition, Donghuan Xinrong became a wholly-owned subsidiary of the Company, and therefore, the transactions contemplated. On 4 May 2018, Donghuan Xinrong (a wholly-owned subsidiary of the Company and as the lessor) entered into the New Lease Agreement with Capital Group (a connected person of the Company). Hence, under the new lease agreements and supplemental lease agreement constitute continuing connected transactions. Donghuan Xinrong annual caps for the amounts to be received as at 31 December 2018 and 2019 will be RMB27,000,000 and RMB29,700,000, respectively. Details have been disclosed in announcement dated 3 June 2016 and 4 May 2018.
- (ii) On 27 January 2017, the Company has been completed the acquisition of all equity transfer in Donghuan Xinrong. Prior to completion, Donghuan Xinrong and Capital Group and its subsidiaries have entered into certain lease agreements, pursuant to which Donghuan Xinrong has agreed to lease certain units in Capital Building to Capital Group and its subsidiaries. Hence, under the lease agreements constitute continuing connected transactions. Donghuan Xinrong annual caps for the amounts to be received as at 31 December 2017, 2018 and 2019 will be RMB10,274,000, RMB11,301,400 and RMB12,431,540, respectively. Details have been disclosed in announcement dated 27 January 2017.

CONTINUING CONNECTED TRANSACTION *(Continued)*

- (b) On 10 February 2017, the Company, Capital Securities (the controlling shareholder of the Company, and subsidiary of a connected person Capital Group) and Bank of Communications Corporation Limited (Beijing Branch) (交通銀行股份有限公司北京市分行) (“Custodian Bank”) entered into the Asset Management Agreement, pursuant to which, among others, Capital Securities shall manage and invest the Entrusted Assets of an amount up to RMB350,000,000 of the Company for a term of three years commencing from the Initial Date (define please refer to the relevant announcement). Pursuant to the Asset Management Agreement, the maximum daily balance managed by Capital Securities (including any accrued investment returns), being the annual caps for the Entrusted Assets, shall not exceed RMB350,000,000 for each of the financial year ending 31 December 2017, 31 December 2018 and 31 December 2019. Capital Securities shall receive the Performance Fee in return and the annual caps for the Performance Fee payable by the Company to Capital Securities for each of the financial years ending 31 December 2017, 31 December 2018 and 31 December 2019 shall be RMB6,510,000, respectively. Details have been disclosed in announcement dated 10 February 2017.
- (c) Reference is made to the continuing connected transactions mentioned in paragraph (b) above. On 20 February 2017, the Company, Capital Securities and the Custodian Bank entered into the Supplemental Agreement, the maximum amount of the Entrusted Assets shall be increased to not more than RMB2,000,000,000. Pursuant to the supplemental lease agreement, the maximum daily balance (including any accrued investment returns), being the annual caps for the Entrusted Assets, shall not exceed RMB2,000,000,000 for each of the financial year ending 31 December 2017, 31 December 2018, 31 December 2019 and for the period from 1 January 2020 to 15 February 2020. Capital Securities shall receive the Performance Fee in return and the annual caps for the Performance Fee payable by the Company to Capital Securities for each of the financial years ending 31 December 2017, 31 December 2018, 31 December 2019 and for the period from 1 January 2020 to 15 February 2020 shall be RMB32,105,000, RMB37,200,000, RMB37,200,000 and RMB4,689,000, respectively. Details have been disclosed in announcement dated 20 February 2017, 13 March 2017, 7 April 2017 and 13 April 2017 and circular dated 4 May 2017.

The Independent Non-executive Directors have reviewed the above continuing connected transactions and confirmed that such transactions (a) were in the ordinary and usual course of business of the Group; (b) were undertaken on normal commercial terms or better terms; and that (c) the relevant transaction agreements were entered into in a fair and reasonable manner and in the interests of the shareholders of the Company as a whole and such transactions have been carried out in accordance with the agreements and the pricing policies governing the transactions.

Pursuant to Rule 14A.56 of the Listing Rules, the Board of Directors has engaged the auditor of the Company to conduct an examination of the above continuing connected transactions between Capital Securities and the Company for the year ended 31 December 2018. The auditor has issued a letter setting out their conclusion of the continuing connected transactions of the Group disclosed above and it is concluded that they have not identified any matter that shows non-compliance with the Rule 14A.56 of the Listing Rules. The Board further wishes to add that the auditor of the Company has confirmed that the Continuing Connected Transactions (i) were approved by the Board; (ii) were conducted pursuant to the pricing policies and the relevant agreements entered into; and (iii) were undertaken without caps being exceeded.

The Company confirms that the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules in respect of the transactions set out above.



USE OF PROCEEDS FROM ISSUE OF NEW SHARES

On 10 August 2015, the Company and Capital Group entered into a subscription agreement, pursuant to which Capital Group subscribed 1 billion new domestic shares of the Company in cash at a subscription price of RMB3.08 per share. The fund raising was completed on 22 October 2015, with net proceeds amounting to RMB3,068 million in aggregate after deducting the issuance expenses.

According to the circular regarding the private issue of domestic shares of the Company dated 11 September 2015, approximately RMB1,342 million out of the proceeds was intended to be applied to investment into the three projects in the Beijing-Tianjin area, namely Phase I of Wuqing Project, Xanadu Building No. 5 Project and Shijingshan Project; approximately RMB1,116 million to be applied to investment and development of potential projects on the near future; and the remaining proceeds, representing approximately 20% of the total net proceeds, to be applied to enhance general working capital of the Company. As at 31 December 2017, the net proceeds were utilised for the following purposes:

The use of proceeds from the private issue of domestic shares in 2018 Unit: (RMB'million)

Intended use of proceeds as set out in the circular	Intended amounts to be utilized as set out in the circular	Actual amounts intended to be utilized (Note 1)	Actual amounts utilized as at 31 December 2018	Amounts not yet utilized as at 31 December 2018 (Note 2)
Phase I of Wuqing Project	313.5	313.5	313.5	–
Xanadu Building No. 5 Project	519.3	519.3	34.2	485.1
Shijingshan Project	510.1	510.1	510.1	–
Enhancement of general working capital	614.1	609.0	609.0	–
Investment and development of potential projects	1,116.0	1,116.0	–	775.5

Note 1: As mentioned in the circular regarding the private issue of domestic shares of the Company in 2015, approximately RMB3,073 million out of the gross proceeds after deducting the estimated issuance expenses was expected to be utilized for the aforesaid projects. On 22 October 2015, the fund raising was completed, with the actual proceeds amounting to RMB3,068 million in aggregate after deducting the issuance expenses.

Note 2: As at 31 December 2018, the unutilized proceeds of the Company was deposited into the bank account opened with the Company. The remaining proceeds will be utilized according to the use of proceeds disclosed in the circular and the actual development plan of projects.

LONG-TERM BORROWINGS

Details of the long-term borrowings of the Group are set out in note 4(30) to the consolidated financial statements.



PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association and related laws which oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

SUBSIDIARIES

Details of the Company's significant subsidiaries are set out in note 6(1) to the consolidated financial statements.

POLICIES ON INCOME TAX

The Company and its subsidiaries paid PRC corporate income tax at a rate of 25% of its assessable profits according to the relevant laws and regulations in the PRC.

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out on pages 74 to 90.

The Board has, among other things, reviewed the training and continuous professional development of Directors, the Company's compliance with the respective code provisions of the CG Code for the year ended 31 December 2018 and made disclosures in this Corporate Governance Report.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors, as at the date of this report, there is sufficient public float of more than 25% of the Company's issued shares as required under the Listing Rules.

PERMITTED INDEMNITY PROVISIONS

At no time during the financial year and up to the date of this report, there was or is, any permitted indemnity provision being in force for the benefit at any of the directors of the Company (whether made by the company or otherwise) or an associated company (if made by the Company).

The Company has taken out and maintained directors' and officers' liability insurance throughout the year, which provides appropriate cover the certain legal actions brought against its directors and officers.



AUDITORS

The consolidated financial statements of the Company for the year ended 31 December 2018 have been audited by PricewaterhouseCoopers Zhong Tian LLP, who retire and being eligible, offer themselves for reappointment. A resolution reappointing PricewaterhouseCoopers Zhong Tian LLP as the auditors of the Company will be proposed at the forthcoming Annual General Meeting.

By Order of the Board

Li Songping
Chairman

Shenzhen, 8 March 2019

CORPORATE GOVERNANCE REPORT

The Company is firmly committed to maintaining high standards of corporate governance and continues to uphold a good, solid and sensible framework of corporate governance. The Board considers such commitment is essential for the development of the Company, in its internal management, financial management, balance of business risk and protection of shareholders' and stakeholders' rights and enhancement of shareholder value.

It has been the Company's prime mission to carry out a sound, steady and reasonable corporate governance structure:

- Sound corporate governance bases itself upon accountability system, information disclosure and corporate transparency. The Company acknowledges the importance to provide shareholders with an open and highly transparent management.
- Sound corporate governance may also promote communication with external parties, such that investors can appreciate more of the Company's development potential and future prospects, to comprehend investment value of the Company.
- The procedures and systems under sound corporate governance can improve operation efficiency of the Group, such that all divisions or departments can contribute to enhance performance of the Group through close and intimate communication.

The Board has reviewed its corporate governance practices and ensured that they are in compliance with the Corporate Governance Code and Corporate Governance Report (the "Corporate Governance Code") as set out in the Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") in the year ended 31 December 2018.

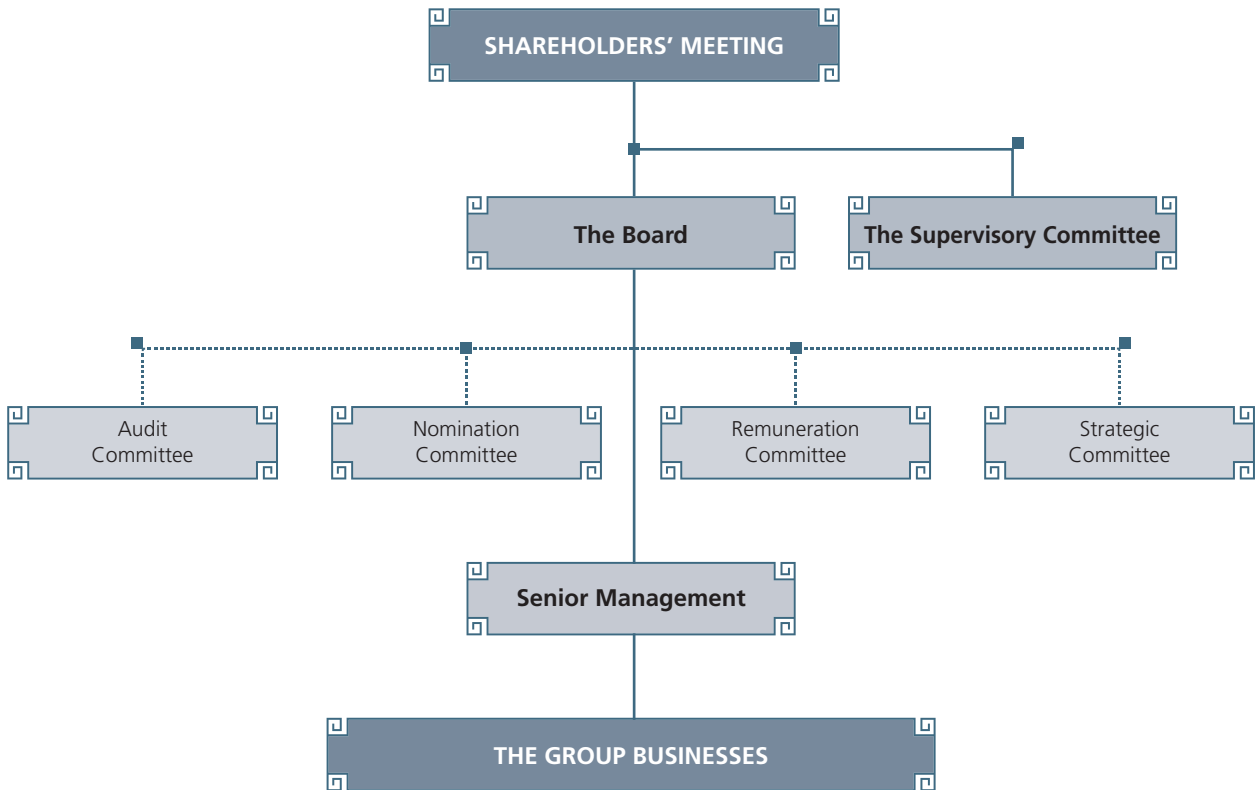
In addition to compliance of the code provisions of the Corporate Governance Code, the Company has also adopted, as far as practicable, recommended best practices in the Corporate Governance Code.

The status and details of the Company's corporate governance practices are set out below.



CORPORATE GOVERNANCE STRUCTURE

The Company's corporate governance structure sets below:



DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted a code of conduct regarding directors' securities transactions (the "Model Code") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

All Directors have confirmed, following specific enquiry made by the Group that they have complied with the required standard set out in the Model Code throughout the year.

BOARD OF DIRECTORS

The Board comprises 9 Directors, including four Executive Directors, two Non-executive Directors and three Independent Non-executive Directors; the profile of each Director is set out on pages 54 to 59 under the section of Biographical Details of Directors, Supervisors and Senior Management. The majority of the Directors are non-executive directors and independent of the management, thereby promoting critical review and control of the management process. The non-executive directors also bring a wide range of business and financial expertise to the Board, which contribute to the effective stewardship of the Group.

RESPONSIBILITIES OF DIRECTORS

The Board is responsible for directing and supervising the overall business development of the Group in a responsible and effective manner. The Board maintains and promotes successful business development of the Group and endeavours to enhance shareholder value. The Board is under the leadership of the Chairman and each director makes decisions objectively in the overall interests of the Group. Control and day to day operation of the Company is delegated to the President and the management of the Company.

The Directors are aware of their collective and individual responsibilities to the Company and its shareholders for the manner in which the affairs of the Company are managed, controlled and operated. In general, the types of decisions which are to be taken by the Board in accordance with the Company's Articles of Association (the "Articles of Association") are as follows:

1. Authority in respect of the Company's development strategies and plan management:
 - (1) those requiring approval from the shareholders' general meeting:
 1. To work out mid-and-long term goals and strategies for the development of the Company;
 2. To propose plans related to the increase/decrease of registered capital of the Company or repurchase of the Company's shares;
 3. To propose plans related to the increase of the capital and shares of the Company;
 4. To propose plans for merger, spin-off or dissolution of the Company;
 5. To file an application for bankruptcy of the Company;
 6. To propose modifications to the Articles of Association;
 7. To consider the proposals for asset acquisition, purchase by third parties or asset disposal that shall be proposed at the General Meeting as required by the Listing Rules, the Measures for Administration of Related Party Transactions and the Articles of Association; and
 8. To propose detailed plans for changing the purpose of the funds raised by the Company.
 - (2) those that may be exercised by the Board at its discretion:
 1. To determine the plans related to the improvement of management and operation results of the Company;
 2. To determine the operation plans and audit work plans of the Company;
 3. To determine plans about the adjustment of important bodies within the Company or determine the working structure of the Board;



RESPONSIBILITIES OF DIRECTORS *(Continued)*

4. To determine the establishment of committees within the Board, or appointment or dismissal of committee members;
 5. To determine all investment plans within the authority of the Board; and
 6. To determine other important business management issues such as those which are not, by the laws, regulations and normative documents of securities regulatory authorities and stock exchanges, the Listing Rules, the Measures for Administration of Related Party Transactions and the Articles of Association or by these Rules, required to be determined by the General Meeting.
2. Authority in respect of the financial management of the Company is as follows:
- (I) Authority subject to approval of the General Meeting:
 1. To consider the annual financial budget plans and final accounts plans of the Company;
 2. To formulate the Company's profit distribution policies, profit distribution plans or plans for loss recovery;
 3. To consider the Company's plans for issuing bonds;
 4. To consider the proposals for disposition of assets (such as asset pledge, lease or transfer) and financial assistance that shall be proposed at the General Meeting as required by the Listing Rules, the "Measures for Administration of Related Party Transactions", the Articles of Association and other corporate governance documents. For the purposes of these Rules, "Financial assistance" includes granting credit, lending money, or providing an indemnity against obligations under a loan, or guaranteeing or providing security for a loan;
 5. To propose plans for appointment/dismissal by the Company of an accounting firm.
 - (II) Authority exercised by the Board independently is as follows:
 1. To manage disclosure of financial information of the Company; and
 2. To consider connected transactions, major transactions or financial assistance such as those which are not, by laws, regulations, normative documents of securities regulatory authorities or stock exchanges or the Listing Rules, the "Measures for Administration of Related Party Transactions", the Articles of Association and other corporate governance documents, required to be considered by the General Meeting.

RESPONSIBILITIES OF DIRECTORS *(Continued)*

3. Authority in respect of the management of personnel affairs of the senior management of the Company:
 - (1) those requiring approval from the shareholders' general meeting:
 1. To establish allowance standards for directors and prepare equity/option incentive (or similar incentives) plans;
 2. To consider qualifications of the candidates for the post of director or independent non-executive director; and
 3. To put forward proposals for removal of directors.
 - (2) those that may be exercised by the Board at its discretion:
 1. To determine policies and planning related to the development and use of human resources of the Company;
 2. To define major roles and authority of the General Manager, person in charge of finance, Secretary of the Board, authorised representative (as defined in the Listing Rules) and company secretary and the Audit Department;
 3. To appoint or dismiss the General Manager of the Company, authorised representative (as defined in the Listing Rules) and company secretary of the Company; to appoint or dismiss the Deputy General Manager or person in charge of finance of the Company based on nomination by the General Manager; to appoint or dismiss Secretary of the Board of the Company based on nomination by the Chairman of the Board; and
 4. To evaluate the work performance of the General Manager.
4. Authority in respect of supervision and inspection of the development and operation of the Company:
 1. To supervise the implementation of the development strategies of the Company;
 2. To supervise and inspect the implementation of the annual financial budget and final accounts of the Company; and inspect the completion of various plans;
 3. To evaluate the business performance of the Company on an annual basis so as to identify problems in the operation in a timely manner; give suggestions for improvement; and supervise the implementation of the same by the senior management of the Company;
 4. To evaluate as appropriate the plans for the improvement of the Company's operation and the effect thereof; and to investigate significant problems identified from operation results of the Company;



RESPONSIBILITIES OF DIRECTORS *(Continued)*

5. To identify obstacles encountered in the development of the Company, perceive the development tendency of the Company and give suggestions about the correction of the Company's development direction; and
6. To discuss all opportunities and risks for the development of the Company and changes in objective factors that have an extensive impact on the Company.

The Board held four on-site Board meetings and pass 106 written resolutions in 2018. Directors who cannot attend in person may participate through other electronic means of communication. Agenda to be discussed in Board meetings include business operation, project investment, financing and future strategic development of the Company. Due notice and relevant materials for the meeting were given to all directors prior to the meetings in accordance with the Company's Articles of Association and the Corporate Governance Code. Details of individual attendance of directors are set out in the following table:

Attendance of individual Directors at Board meetings in 2018:

	Number of attendance/ Number of meeting
<i>Non-Executive Director</i>	
Mr. Li Songping	4/4
<i>Executive Directors</i>	
Mr. Zhong Beichen <i>(President) (Appointed on 27 April 2018)</i>	3/3
Mr. Li Xiaobin	4/4
Mr. Hu Weimin <i>(Appointed on 27 April 2018)</i>	3/3
Mr. Fan Shubin <i>(Appointed on 27 April 2018)</i>	3/3
Mr. Tang Jun <i>(Retired on 27 April 2018)</i>	3/3
<i>Non-Executive Directors</i>	
Mr. Su Jian	4/4
Ms. Su Zhaohui <i>(Retired on 27 April 2018)</i>	1/1
Mr. Sun Shaolin <i>(Retired on 27 April 2018)</i>	1/1
<i>Independent Non-Executive Directors</i>	
Mr. Li Wang	4/4
Mr. Wong Yik Chung, John	4/4
Mr. Liu Xin	4/4

RESPONSIBILITIES OF DIRECTORS *(Continued)*

The Directors acknowledge their responsibility for the preparation of the financial statements for each financial period which gives a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the financial statements for the year ended 31 December 2018, the Directors have selected suitable accounting policies and applied them consistently; made judgement that are prudent, fair and reasonable. The Directors are responsible for keeping proper accounting records and ensure the preparation of financial statements of the Group for the year under review are in accordance with statutory requirements and suitable accounting policies.

The appointment of new Directors will be considered by the Nomination Committee (duties of the Nomination Committee is set out in the latter part of this report) and decided by all members of the Board. Candidates to be selected and recommended are experienced, high caliber individuals who meet the standards as set forth in Rules 3.08 and 3.09 of the Listing Rules.

The Board has established a Policy on Obtaining Independent Professional Advice by Directors to enable the Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Group's expense. The Board shall resolve to provide separate independent professional advice to Directors to assist the relevant Director(s) to discharge his/their duties to the Group.

There is in place a directors and senior executive liabilities insurance cover in respect of legal action against directors and senior executives.

For the year ended 31 December 2018, the Board at all times complied the minimum requirements of the Listing Rules relating to the appointment of at least one-third of independent non-executive directors and complied with the requirement that these should include one such director with appropriate professional qualifications of accounting or related financial management expertise.

The interests in the Company's securities held by Directors as at 31 December 2018 are disclosed in the Directors' Report on page 65 of this annual report.

There is no relationship among members of the Board and in particular, between the Chairman and the President.

Directors should keep abreast of their collective responsibilities. Each newly appointed Director would receive an induction package covering the Group's businesses and the statutory and regulatory obligations of a director of a listed company. The Group also provides briefings and other training to develop and refresh the Directors' knowledge and skills. The Group continuously updates Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices. Circulars or guidance notes are issued to the Directors and senior management where appropriate, to ensure awareness of best corporate governance practices.

Since 1 April 2012, the Company prepares monthly operation updates to all directors to enable them to aware the Company's latest business development, competition and supervisory environment and provide other relevant information that may affect the Company and the real estate sector so as to strengthen the directors understanding of the business and the market.



RESPONSIBILITIES OF DIRECTORS *(Continued)*

During the year 2018, the Directors also participated in the following trainings:

	Types of training
<i>Non-Executive Director</i>	
Mr. Li Songping (<i>Chairman</i>)	A/B/C
<i>Executive Directors</i>	
Mr. Zhong Beichen (<i>President</i>) (<i>Appointed on 27 April 2018</i>)	A/C
Mr. Li Xiaobin	A/C
Mr. Hu Weimin (<i>Appointed on 27 April 2018</i>)	A/C
Mr. Fan Shubin (<i>Appointed on 27 April 2018</i>)	A/C
Mr. Tang Jun (<i>Retired 27 April 2018</i>)	A/C
<i>Non-Executive Directors</i>	
Mr. Su Jian	A/C
Ms. Su Zhaohui (<i>Retired on 27 April 2018</i>)	A/C
Mr. Sun Shaolin (<i>Retired on 27 April 2018</i>)	A/C
<i>Independent Non-Executive Directors</i>	
Mr. Li Wang	A/C
Mr. Wong Yik Chung, John	A/C
Mr. Liu Xin	A/C

A: attending seminars and/or conferences and/or forums

B: giving talks at seminars and/or conferences and/or forums

C: reading newspapers, journals and updates relating to the economy, general business, real estate or director's duties and responsibilities, etc.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of its independent non-executive director an annual confirmation of his independence pursuant to rule 3.13 of the Listing Rules and the Company considers the independent non-executive directors to be independent.

CHAIRMAN AND PRESIDENT

The Chairman and President are held separately by Mr. Li Songping and Mr. Zhong Beichen respectively. This segregation ensures a clear distinction between the Chairman's responsibility to lead the Board and the President's responsibility to manage the Company's business.

BOARD COMMITTEES

The Board has established four board committees, namely, Audit Committee, Nomination Committee, Remuneration Committee and Strategic Committee to strengthen its functions and corporate governance practices. The Audit Committee, the Nomination Committee and the Remuneration Committee perform their specific duties in accordance with their respective written terms of reference. The Strategic Committee assists the Group in corporate strategy, business development and operation.

AUDIT COMMITTEE

The Group's Audit Committee comprises three Independent Non-executive Directors, namely, Mr. Wong Yik Chung, John (Chairman), Mr. Li Wang and Mr. Liu Xin. The committee members performed their duties within written terms of reference formulated by the Company which includes duties set out in the code provision C.3.3 (a) to (n) of the Corporate Governance Code. Major duties include:

- to review the financial controls, internal control and risk management systems of the Group.
- to monitor integrity of the issuer's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained in them. In reviewing these reports before submission to the board, the committee should focus particularly on:
 - (i) any changes in accounting policies and practices;
 - (ii) major judgmental areas;
 - (iii) significant adjustments resulting from audit;
 - (iv) the going concern assumptions and any qualifications;
 - (v) compliance with accounting standards; and
 - (vi) compliance with the Listing Rules and legal requirements in relation to financial reporting;
- to be primarily responsible for making recommendations to the board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;
- to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- to develop and implement policy on engaging an external auditor to supply non-audit services, and the audit committee should report to the board, identifying and making recommendations on any matters where action or improvement is needed.

The Audit Committee's procedural rules are posted on the websites of the Company and HKEX.



AUDIT COMMITTEE *(Continued)*

During the year under review, the Audit Committee held a total of two on-site meetings and total of ten written resolutions. In the meetings, the Audit Committee reviewed the financial statements for the year ended 31 December 2017 and for the six months ended 30 June 2018, considered and approved the work of the auditors, reviewed the business and financial performance of the Company, and review and made recommendation to the Board for the connected transactions of the Company.

Attendance of individual members at Audit Committee meetings in 2018:

	Number of Attendance/ Number of Meeting
Mr. Wong Yik Chung, John	2/2
Mr. Li Wang	2/2
Mr. Liu Xin	2/2

NOMINATION COMMITTEE

The Group's Nomination Committee is responsible for review of the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and make recommendations to the Board regarding any proposed changes. It is also responsible for making recommendations to the Board on relevant matters relating to the appointment or re-appointment of directors, supervisors of the Company and senior executives and succession planning for directors in particular executive directors and senior executives. Majority members of the Nomination Committee are Independent Non-executive Directors. It is chaired by Mr. Liu Xin with two other members, namely, Mr. Li Songping and Mr. Wong Yik Chung, John.

The Board has adopted a board diversity policy which sets out the approach to achieve diversity on the Board. Accordingly, selection of candidates to the Board is based on a range of measurable objectives, including but not limited to gender, age, cultural and educational background, professional experience and qualifications, skills, knowledge and length of service, having due regard to the Company's own business model and specific needs from time to time.

During the year under review, the Nomination Committee held two on-site meetings and two written resolutions for annual review of the current Board structure, assessment of the independence of independent non-executive directors, reviewing the Nomination Committee's procedural rules, and made recommendation to the Board for the appointment of Mr. Zhong Beichen as a chairman and an executive director, Mr. Hu Weimin and Mr. Fan Shubin as an executive director.

The Nomination Committee's procedural rules are posted on the websites of the Company and HKEX.

NOMINATION COMMITTEE *(Continued)*

Attendance of individual members at Nomination Committee meeting in 2018:

	Number of Attendance/ Number of Meeting
Mr. Liu Xin	2/2
Mr. Li Songping	2/2
Mr. Wong Yik Chung, John	2/2

REMUNERATION COMMITTEE

The Group's Remuneration Committee is responsible for providing recommendations to the Board regarding the Group's remuneration policy, the formulation and reviewing of the specific remuneration for the Group's Executive Directors and senior executives. Majority members of the Remuneration Committee are Independent Non-executive Directors. The committee is chaired by Mr. Liu Xin with two other members, namely, Mr. Li Songping and Mr. Wang Yik Chung, John.

During the year under review, the Remuneration Committee held two on-site meetings and two resolutions to review the remuneration of the directors, supervisors and senior management, the Long Term Incentive Fund Scheme and relevant matters, and made recommendation to the board.

The Remuneration Committee's procedural rules are posted on the websites of the Company and HKEX.

Attendance of individual members at Remuneration Committee meeting in 2018:

	Number of Attendance/ Number of Meeting
Mr. Liu Xin	2/2
Mr. Li Songping <i>(Appointed on 28 April 2018)</i>	1/1
Mr. Wong Yik Chung, John	2/2
Mr. Sun Shaolin <i>(Retired on 27 April 2018)</i>	1/1



REMUNERATION COMMITTEE *(Continued)*

Major written terms of reference of the current remuneration system of the directors and supervisors of the Company are set out below:

1. Policy

The Remuneration Policy for the Directors and Supervisors of the Company is based on the following principles:

- No one is allowed to determine his or her own remunerations;
- The remuneration levels should tally with the Company's competitors in the human resources market;
- The remuneration levels should be able to reflect the performances, complexity of work, and responsibilities of related staff; and to attract, motivate and retain outstanding staff, encouraging them to proactively excel and add values for the shareholders of the Company.

2. Non-executive Directors and Supervisors

Principle for Determining Remuneration

The fees of the Non-Executive Directors of the Company should tally with market level, and be subject to formal independent review at least once every 3 years. The Non-Executive Directors of new session will not receive any fees.

3. Executive Directors

Components of Remuneration

The Executive Directors of the Company will not receive directors' fees, and their remunerations of the position are determined by the Company by referring to the statistics of similar positions in the market (including local and regional companies with similar scope, business complexity and scale to the Company). Such policy conforms to the remuneration policy of the Company which tallies with our competitors in the human resources market. In addition, in order to attract, motivate and retain outstanding staff, the Company takes performance as the primary consideration for grant of individual rewards.

The Company does not adopt any share option scheme.

No director has entered into any service contract with the Company or its subsidiaries, which terms provide for a notice period of over one year, or which provide for compensation in the form of more than one-year's salary plus benefits-in-kind upon termination of employment.

STRATEGIC COMMITTEE

The main function of the Group's Strategic Committee is to study and advise on the Group's long-term development strategies and major investment decision. The Strategic Committee undertakes to review and adjust the strategies of the Company. It is composed of Mr. Li Songping as Chairman of the Strategic Committee and Mr. Zhong Beichen and Mr. Liu Xin as members of the committee.

CORPORATE GOVERNANCE FUNCTIONS

The Board is primarily responsible for performing the following corporate governance duties:

- to develop and review the Company's policies and practices on corporate governance and make recommendations;
- to review and monitor the training and continuous professional development of the Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual applicable to employees and the Directors;
- to review the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report; and
- evaluating and determining the issuer's ESG-related risks, and ensuring that appropriate and effective ESG risk management and internal control systems are in place, and disclosed in the ESG Report.

During the year, the Board performed the following corporate governance matters:

- review of the effectiveness of the internal controls and risk management systems of the Company; and
- to amend the Company's Corporate Governance Code and practices and to make recommendations.

INTERNAL CONTROLS

With the continuous efforts of the Board, management and all staff, the Company has established a more comprehensive and effective internal control system and prepared a "BCL's Internal Controls Manual" (首創置業內控手冊) so as to safeguard the corporate operating management regulations, asset security, financial reporting and the fairness, accuracy and completeness of the relevant information in a rational manner.

1. For the internal condition, the Company has formulated a clear strategic plan, established the corporate culture of "five-colour-flower" with distinct BCL characteristics and promoted the overall awareness of risk management.
2. For the risk management, the Company has expressed our continued concern on the changes in internal and external situations and conducted various risk assessment on an ongoing basis so as to establish a BCL's database meeting our business requirement and facilitating the actual operation.
3. For the control activities, the Company has established a better business process system and included the risk control points into our business process so as to realise the implementation of risk management.



INTERNAL CONTROLS *(Continued)*

4. For the information and communication, the Company has established an industry-leading Enterprise Resource Planning (ERP), covering financial, human resources, overall cost management, business management and overall budgeting management etc., which generally enhanced the corporate internal controls through informationisation and promoted the implementation of business process.
5. For the internal controls, the Company has established an internal control functional structure, of which divided into three classes from top to bottom and formed three lines of defense for the risk controls, including three aspects such as self-supervision of the Company, operational supervision of the headquarters operations centre and auditing supervision of risk control centre, as well as covering the whole chain of the Company's business to ensure overall supervision.

The audit department has submitted its report to the audit committee. The audit committee and the Board consider that the risk management and internal control system of the Company operates smoothly.

EXTERNAL AUDITORS

The Board agreed with the Audit Committee's proposal for the re-appointment of PricewaterhouseCoopers Zhong Tian LLP as the Group's external auditors. The recommendation will be put forward for the approval of shareholders at the forthcoming Annual General Meeting.

The Group has established a Policy on Appointment of External Auditor in providing Non-Audit Services, setting out the principles by which an external auditor may be appointed to provide non-audit services, with a view to ensuring the independence of the external auditor.

The amount of fee payable to PricewaterhouseCoopers Zhong Tian LLP and other PwC firms for providing audit and audit related services and non-audit services for the year ended 31 December 2018 amounted to RMB9,811,000 and RMB4,014,000. The amount of fee payable to other audit firms for providing audit and audit related services for the year ended 31 December 2018 amounted to RMB8,184,000.

COMPANY SECRETARY

The Company Secretary is a full time employee of the Company and has day-to-day knowledge of the Company's affairs. For the year under review, the Company Secretary has confirmed that he has undertaken no less than 15 hours of relevant professional training.

SHAREHOLDERS' RIGHT

According to the Articles of Association of the Company, when shareholders individually or together holding 10 per cent. or more of the total number of shares of the Company carrying voting rights (hereinafter refer to as the "Proposing Shareholders") or the Supervisory Committee propose the Board to convene an extraordinary general meeting, an agenda and the complete details of the resolutions shall be submitted in writing to the Board. The Proposing Shareholders or the Supervisory Committee shall ensure that the proposed resolutions conform to laws and regulations and the Company's Articles of Association.

SHAREHOLDERS' RIGHT *(Continued)*

The Group communicates with its shareholders through different channels, including annual general meetings, extraordinary general meetings; annual and interim reports, notices of general meetings and circulars sent to shareholders by post; investors meetings and announcements on the Company's website and the website of the Stock Exchange.

The Company's website provides shareholders with corporate information, such as principal business activities, major property projects and the latest development of the Group. Shareholders are provided with contact details of the Company, such as telephone hotline, fax number, email address and postal address, in order to enable them to make any query that they may have with respect to the Company. They can also send their enquiries to the Board through these means. In addition, shareholders can contact Computershare Hong Kong Investor Services Limited, the share registrar of the Company, if they have any enquiries about their shareholdings and entitlements to dividend.

The Company regards annual general meeting as an important event in the corporate year and all Directors and senior management should make an effort to attend. The Company's annual general meeting allows the Directors to meet and communicate with the shareholders. The chairman of the annual general meeting proposes separate resolution for each issue to be considered. Members of the Audit, Remuneration and Nomination Committees and the external auditor should attend the annual general meeting to answer questions from shareholders. The 2017 annual general meeting was held on 13 April 2018. During the year, the Company held 11 extraordinary general meetings. The attendance records of the Directors at the general meetings are set out below:

	AGM and EGM attended/held
<i>Non-Executive Director</i>	
Mr. Li Songping (<i>Chairman</i>)	2/11
<i>Executive Directors</i>	
Mr. Zhong Beichen (<i>President</i>) (<i>Appointed on 27 April 2018</i>)	5/5
Mr. Li Xiaobin	0/11
Mr. Hu Weimin (<i>Appointed on 27 April 2018</i>)	0/5
Mr. Fan Shubin (<i>Appointed on 27 April 2018</i>)	0/5
Mr. Tang Jun (<i>Retired on 27 April 2018</i>)	5/6
<i>Non-Executive Directors</i>	
Mr. Su Jian	0/11
Ms. Su Zhaohui (<i>Retired on 27 April 2018</i>)	0/6
Mr. Sun Shaolin (<i>Retired on 27 April 2018</i>)	0/6
<i>Independent Non-Executive Directors</i>	
Mr. Li Wang	0/11
Mr. Wong Yik Chung, John	1/11
Mr. Liu Xin	1/11



DIVIDEND POLICY

The Company has adopted dividend policy to provide returns to shareholders. The specific amount declared each year will take into account the Company's indicators such as business performance, financial performance and cash level etc., subject to the relevant requirement of laws and regulations and Articles of Association.

CONSTITUTIONAL DOCUMENTS

Amendment to the Company's Articles of Association was duly passed by way of special resolution on the extraordinary general meeting held on 29 May 2018 and such amendment to the relevant requirements set out in, inter alia, the "Guiding Opinions on Deepening the Reforms of State-owned Enterprises" (《國務院關於深化國有企業改革的指導意見》) issued by the State Council, the "Notice regarding the Promotion of the Requirements of Incorporation of Party Building Work into the Articles of Association of State-owned Enterprises (Zutongzi [2017] No.11)" (《中共中央組織部國務院國資委黨委關於紮實推動國有企業黨建工作要求寫入公司章程的通知》(組通字[2017]11號)) issued by the Organization Department of the Central Committee of Communist Party of China and the State-owned Assets Supervision and Administration Commission of the State Council and the "Implementation Opinions on Reforming and Perfecting the State-owned Assets Management System (Jingzhengfa [2017] No.3)" (《北京市人民政府關於改革和完善國有資產管理體制的實施意見》(京政發[2017]3號)) issued by the Beijing Municipal People's Government, the Board approved the resolution in respect of the incorporation of the general requirements for party building work into the Articles. Details of which is disclosed in the circular dated 11 May 2018. Accordingly, such amendment is temporarily not to implement. A copy of the latest Articles of Association is posted on the websites of the Company and HKEX.

INVESTOR RELATIONS

The Group has always upheld its policy of open communication and fair disclosure. The Group believes that the completeness and timeliness of information disclosure is essential for building market confidence and places much effort in maintaining interactive communications with shareholders and investors and is open-minded to the investment community. As such, the Group has established an Investor Relations Department, which is responsible for maintaining close communications with shareholders and investors.

The Group has issued a monthly newsletter on a continuing basis since March 2009, the newsletter set out the latest project development and sales performance of the Group. The Group strives to maintain high transparency and to keep shareholders and the investment community abreast of its latest development and progress by dissemination of relevant corporate information on a timely basis through various channels including regular distribution of press releases. All this information is also available for downloading from the Group's website at <http://www.bjcapitalland.com>. During the year, the Company also launched official investor relation WeChat channel for investors' subscription, so that investor can receive up-to-date news of the Group in advance.

By timely information disclosure and organizing regular meetings for the management to communicate with media, it facilitates investors' further understanding of the Group's business development while at the same time enables the management to fully realise the opinion and expectation of the investment community of the Group's future development.



INVESTOR RELATIONS *(Continued)*

In addition to press conference and analysts' meeting held after results announcement, the Group's management held regular meetings with securities analysts and investors, and participated in a number of large-scale investment conferences and presentations. These allow shareholders and investors to have better understanding of the Group's development potential and future prospects, facilitating their comprehension of the Group's investment value.

Looking ahead, the Group will continue to enhance its corporate governance practice based on international trends and development and the views of our shareholders.

On Behalf of the Board

Li Songping

Chairman

Shenzhen, 8 March 2019

REPORT OF THE SUPERVISORY COMMITTEE



Dear Shareholders,

During the year ended 31 December 2018, the Supervisory Committee of Beijing Capital Land Ltd. (the "Supervisory Committee"), have diligently performed their duties in ensuring that the Company has observed and complied with the Listing Rules, the Company Law of the PRC, the Articles of Association of the Company and other relevant legislations and regulations which protect the interests of the Company and its shareholders.

During the year, the Supervisory Committee attended the meetings of the Board of Directors and the General Meetings to strictly and effectively monitor the Company's management in making significant policies and decisions to ensure that they were in compliance with the laws and regulations of the PRC and the Articles of Association of the Company, and in the interests of the Company and its shareholders. It also provided reasonable suggestions and opinions to the Board of Directors in respect of the operation and development plans of the Company.

The Supervisory Committee has reviewed and agreed to the report of the directors, audited financial statements and profit appropriation proposal to be proposed by the Board of Directors for presentation at the forthcoming Annual General Meeting. The Supervisory Committee is satisfied that the Directors, and other senior management of the Company are committed to act honestly and to perform their duties diligently, so as to protect the best interests of the Company and its shareholders.

The Supervisory Committee has carefully reviewed the audited financial statements prepared in accordance with Accounting Standards for Business Enterprises and consider that the financial statement reflect a true and fair view of the financial position and results of operations of the Company and they comply with the regulations applicable to the Company.

The Supervisory Committee is satisfied with the achievement and cost-effectiveness of the Company in 2018 and has great confidence in the future of the Company.

By order of the Supervisory Committee

Deng Wenbin
Chairman

Shenzhen, 8 March 2019

AUDITOR'S REPORT



PwC ZT Shen Zi (2019) No. 15006

To the Shareholders of Beijing Capital Land Ltd.,

OPINION

What we have audited

We have audited the accompanying financial statements of Beijing Capital Land Ltd. (hereinafter "BCL"), which comprise:

- the consolidated and company balance sheets as at 31 December 2018;
- the consolidated and company income statements for the year then ended;
- the consolidated and company cash flow statements for the year then ended;
- the consolidated and company statements of changes in shareholders' equity for the year then ended; and
- the notes to the consolidated and company financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position of BCL as at 31 December 2018, and their financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises ("CASs").

BASIS FOR OPINION

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of BCL in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants ("CICPA Code"), and we have fulfilled our other ethical responsibilities in accordance with the CICPA Code.

KEY AUDIT MATTERS

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

Key audit matters identified in our audit is related to valuation of investment properties.



KEY AUDIT MATTERS *(Continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Valuation of investment properties</p> <p>Refer to note 2(14), note 2((30)(iii)) and note 4(16) to the consolidated financial statements for the disclosure of investment properties for BCL. BCL adopts the fair value model for subsequent measurement of investment properties. As at 31 December 2018, investment properties measured at fair value amounted to RMB19,078,941,000 and fair value gains on investment properties for the year then ended recognized in gains arising from changes in fair value were RMB321,519,000. The fair value was determined based on the valuation performed by an independent professional valuer (the “valuer”) as a third party engaged by BCL.</p> <p>The valuations of investment properties involved critical accounting estimates and judgements, which mainly included the determination of valuation techniques and the selection of inputs accordingly. The valuation techniques usually include income capitalisation approach and residual approach based on the construction status of each property. The inputs adopted in income capitalization approach and residual approach usually include market rental prices and discount rates; Besides, residual approach also involve inputs of interest rates, profit rates and development costs to complete.</p> <p>Considering the above mentioned critical accounting estimates and judgements, and the significant impact on the consolidated financial statements, we paid specific attention to this matter in our audit.</p>	<p>We assessed the competence, professional capability and objectivity of the valuer.</p> <p>We communicated with the management of BCL about the valuation techniques adopted for each investment property, obtained and read the valuation reports for all the investment properties measured at fair value delivered by the valuer, and assessed the relevance and reasonableness of valuation techniques used by the valuer in consideration of the actual construction or operation status.</p> <p>We selected some of the investment properties measured at fair value by sampling and performed the following procedures:</p> <p>We assessed the reasonableness of key inputs used under both income capitalisation approach and residual approach, including market rental prices and discount rates, by comparing the market rental prices with comparative cases in active markets and the information of the rental prices in management’s records, and by comparing the discount rates with the average discount rates in the industry.</p> <p>We assessed the reasonableness of other key inputs used under residual approach, including interest rates, profit rates and development costs to complete, and compared the development costs to complete with management’s budgets.</p> <p>Based on the above, we obtained supportive evidence for critical accounting estimates and judgements made by management on the valuation techniques and key inputs used in the valuations of investment properties.</p>



OTHER INFORMATION

Management of BCL is responsible for the other information. The other information comprises the information included in 2018 annual report of BCL, but does not include the financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

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

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

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to Audit Committee and take appropriate action considering our legal rights and obligations.

RESPONSIBILITIES OF MANAGEMENT AND AUDIT COMMITTEE FOR THE FINANCIAL STATEMENTS

Management of BCL is responsible for the preparation and fair presentation of these financial statements in accordance with the CASs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these financial statements, management is responsible for assessing BCL'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 management either intend to liquidate BCL or to cease operations, or have no realistic alternative but to do so.

Audit Committee are responsible for overseeing BCL's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether these 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs 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 financial statements.



AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

(Continued)

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

- Identify and assess the risks of material misstatement of the 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 BCL'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 these 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 BCL to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 BCL to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit Committee 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 Audit Committee 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.



AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

(Continued)

From the matters communicated with Audit Committee, we determine those matters that were of most significance in the audit of the 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.

PricewaterhouseCoopers Zhong Tian LLP

Signing CPA: **Chen Jing (Engagement Partner)**

Signing CPA: **Wang Doudou**

Shanghai, the People's Republic of China

8 March 2019

CONSOLIDATED BALANCE SHEETS

AS AT 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)



Assets	Notes	31 December 2018 Consolidated	31 December 2017 Consolidated Restated	1 January 2017 Consolidated Restated
Current assets				
Cash at bank and on hand	4(1)	22,526,602	21,038,178	17,926,073
Trading financial assets	4(2)	3,024,250	–	–
Financial assets at fair value through profit or loss	4(3)(a)	–	73,844	217,141
Notes receivables and trade receivables	4(4)	3,610,558	2,409,002	995,223
Advances to suppliers	4(5)	872,313	6,626,829	372,047
Other receivables	4(6)	20,245,009	7,845,980	3,391,758
Inventories	4(7)	75,403,717	65,467,004	64,876,885
Contract assets	4(8)	4,436,823	–	–
Assets classified as held-for-sale	4(9)	73,244	338,921	9,921
Current portion of non-current assets	4(11)	4,397,880	5,175,724	3,957,937
Other current assets	4(10)	2,921,289	2,851,861	2,841,299
Total current assets		137,511,685	111,827,343	94,588,284
Non-current assets				
Derivative financial assets	4(33)	262,202	–	–
Available-for-sale financial assets	4(13)	–	2,590,462	2,390,462
Long-term receivables	4(11)	–	3,201,838	2,798,495
Long-term equity investments	4(14)	5,108,373	4,481,354	3,078,429
Other equity instrument investments	4(15)	288,283	–	–
Other non-current financial assets	4(12)	3,226,200	–	–
Investment properties	4(16)	20,570,240	18,080,424	15,146,259
Fixed assets	4(17)	314,770	152,297	134,630
Goodwill		–	–	172,137
Long-term prepaid expenses		244,117	108,935	100,940
Deferred income tax assets	4(18)	1,534,029	978,516	655,196
Other non-current assets	4(19)	656,924	–	394,808
Total non-current assets		32,205,138	29,593,826	24,871,356
Total Assets		169,716,823	141,421,169	119,459,640

CONSOLIDATED BALANCE SHEETS

AS AT 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

Liabilities and equity	Notes	31 December 2018 Consolidated	31 December 2017 Consolidated Restated	1 January 2017 Consolidated Restated
Current liabilities				
Short-term borrowings	4(21)	2,748,664	1,831,743	1,909,327
Trading financial liabilities	4(22)	15,849	-	-
Financial liabilities at fair value through profit or loss	4(3)(b)	-	235,605	-
Notes payables and trade payables	4(23)	9,474,793	8,990,060	7,213,069
Advances from customers	4(24)	-	21,113,831	15,930,980
Contract liabilities	4(25)	17,102,209	-	-
Employee benefits payables	4(26)	218,546	206,723	119,548
Taxes payable	4(27)	3,140,045	2,853,624	2,232,093
Other payables	4(28)	10,406,177	7,020,741	5,693,215
Current portion of non-current liabilities	4(29)	20,670,930	23,793,041	14,967,002
Total current liabilities		63,777,213	66,045,368	48,065,234
Non-current liabilities				
Derivative financial liabilities	4(33)	32,871	138,572	178,724
Long-term borrowings	4(30)	38,212,972	22,072,547	20,520,263
Debentures payable	4(31)	25,310,202	12,451,547	16,985,512
Long-term payables	4(32)	1,607,001	6,305,775	3,806,675
Provisions		4,123	-	-
Deferred income tax liabilities	4(18)	2,571,759	2,475,827	2,352,530
Total non-current liabilities		67,738,928	43,444,268	43,843,704
Total liabilities		131,516,141	109,489,636	91,908,938
Equity				
Share capital	4(34)	3,027,960	3,027,960	3,027,960
Other equity instruments	15(4)	13,476,018	5,889,968	2,895,291
<i>Including: Perpetual bonds</i>	15(4)	13,476,018	5,889,968	2,895,291
Capital reserve	4(35)	469,930	653,652	716,380
Other comprehensive income	4(36)	438,746	413,159	370,407
Surplus reserve	4(37)	665,381	570,905	543,169
Retained earnings	4(38)	11,037,357	10,376,979	9,109,165
Total equity attributable to owners of the Company		29,115,392	20,932,623	16,662,372
Non-controlling interests		9,085,290	10,998,910	10,888,330
Total equity		38,200,682	31,931,533	27,550,702
Total liabilities and equity		169,716,823	141,421,169	119,459,640

The accompanying notes form an integral part of these financial statements.

Legal representative: Person in charge of accounting: Head of accounting department:

COMPANY BALANCE SHEETS

AS AT 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)



Assets	Notes	31 December 2018 Company	31 December 2017 Company Restated	1 January 2017 Company Restated
Current assets				
Cash at bank and on hand		8,580,020	6,866,030	7,106,099
Trading financial assets		73,845	-	-
Financial assets at fair value through profit or loss		-	73,844	-
Notes receivables and trade receivables		159	3,160	1,910
Advances to suppliers		3,596	21,522	19,796
Other receivables	15(1)	67,358,127	32,038,632	46,551,511
Inventories		33,544	33,544	44,133
Other current assets		1,560	1,560	10,701
Total current assets		76,050,851	39,038,292	53,734,150
Non-current assets				
Available-for-sale financial assets		-	80,000	70,000
Long-term receivables		-	66,706	66,706
Long-term equity investments	15(2)	6,942,155	5,535,809	4,996,783
Other equity instrument investments		50,000	-	-
Other non-current financial assets		80,000	-	-
Fixed assets		51,853	52,672	54,676
Deferred income tax assets		1,297,316	837,314	370,918
Total non-current assets		8,421,324	6,572,501	5,559,083
Total Assets		84,472,175	45,610,793	59,293,233

COMPANY BALANCE SHEETS

AS AT 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

Liabilities and equity	Notes	31 December 2018 Company	31 December 2017 Company Restated	1 January 2017 Company Restated
Current liabilities				
Short-term borrowings		1,750,000	1,329,000	1,670,000
Notes payables and trade payables		10,814	20,114	13,600
Advances from customers		–	807	60,807
Contract liabilities		807	–	–
Employee benefits payables		126,793	127,521	44,166
Taxes payable		22,096	24,942	22,548
Other payables	15(3)	29,728,404	3,311,560	16,893,278
Current portion of non-current liabilities		14,544,427	15,214,894	6,074,182
Total current liabilities		46,183,341	20,028,838	24,778,581
Non-current liabilities				
Long-term borrowings		1,532,000	2,880,000	7,910,000
Debentures payable		15,739,993	8,968,604	15,442,006
Total non-current liabilities		17,271,993	11,848,604	23,352,006
Total liabilities		63,455,334	31,877,442	48,130,587
Equity				
Share capital		3,027,960	3,027,960	3,027,960
Other equity instruments	15(4)	13,476,018	5,889,968	2,895,291
<i>Including: Perpetual bonds</i>	15(4)	13,476,018	5,889,968	2,895,291
Capital reserve		3,059,320	3,113,441	3,113,441
Other comprehensive income		–	9,407	9,407
Surplus reserve		665,381	570,905	543,169
Retained earnings		788,162	1,121,670	1,573,378
Total equity attributable to owners of the Company		21,016,841	13,733,351	11,162,646
Total equity		21,016,841	13,733,351	11,162,646
Total liabilities and equity		84,472,175	45,610,793	59,293,233

The accompanying notes form an integral part of these financial statements.

Legal representative: Person in charge of accounting: Head of accounting department:

CONSOLIDATED AND COMPANY INCOME STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)



Items	Notes	2018 Consolidated	2017 Consolidated Restated	2018 Company	2017 Company Restated
Revenue	4(39);15(5)	23,257,053	21,292,040	25,295	83,916
<i>Less:</i> Cost of sales	4(39);15(5)	(16,949,443)	(15,215,413)	-	(10,589)
Taxes and surcharges	4(40)	(2,172,662)	(1,262,260)	(170)	(17,524)
Selling and distribution expenses	4(41)	(609,167)	(555,507)	-	-
General and administrative expenses	4(41)	(1,069,626)	(743,866)	(297,895)	(292,547)
Financial expenses	4(42);15(6)	(2,869,242)	(1,097,256)	(1,874,497)	(1,600,096)
<i>including:</i> Interest expenses		(2,570,885)	(1,327,517)	(1,909,327)	(1,627,522)
Interest income		285,730	152,569	133,358	54,992
Asset impairment losses	4(43)	-	(257,606)	-	-
Credit impairment losses	4(44)	(141,219)	-	-	-
<i>Add:</i> Other income	4(45)	54,414	189,124	-	-
Investment income	4(46);15(7)	3,235,429	1,416,174	2,639,549	1,647,807
<i>Including:</i> Share of profit of associates and joint ventures		513,780	99,637	46,448	24,026
Gains on net exposure hedges	4(47)	7,199	-	-	-
Gains/(losses) arising from changes in fair value	4(48)	410,997	(111,082)	503	418
Gains on disposal of assets	4(49)	6,314	181,002	-	-
Operating profit/(loss)		3,160,047	3,835,350	492,785	(188,615)
<i>Add:</i> Non-operating income	4(50)	15,808	19,373	7,206	786
<i>Less:</i> Non-operating expenses	4(51)	(15,892)	(15,406)	(150)	(1,211)
Profit/(Loss) before income tax		3,159,963	3,839,317	499,841	(189,040)
<i>Less:</i> Income tax expenses	4(52)	(742,874)	(1,042,520)	434,831	466,396
Profit for the year		2,417,089	2,796,797	934,672	277,356
<i>Including:</i> The losses of acquiree before business combination under common control		-	(3)	N/A	N/A
Classified by operating continuity					
Profit from continuing operations		2,417,089	2,796,797	934,672	277,356
Profit from discontinuing operations		-	-	-	-
Classified by attributions of the ownership					
Attributable to non-controlling interests		494,157	684,217	N/A	N/A
Attributable to owners of the Company		1,922,932	2,112,580	N/A	N/A

CONSOLIDATED AND COMPANY INCOME STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

Items	Notes	2018 Consolidated	2017 Consolidated Restated	2018 Company	2017 Company Restated
Other comprehensive income/(loss) for the year, net of tax	4(36)	26,585	42,752	(9,407)	-
Attributable to owners of the Company		26,585	42,752	(9,407)	-
Items that cannot be reclassified to profit or loss thereafter		38,283	-	-	-
Changes in fair value of other equity instrument investments		38,283	-	-	-
Items that may be reclassified to profit or loss thereafter		(11,698)	42,752	(9,407)	-
Share of other comprehensive loss in the investees can be reclassified into profit or loss at equity method		(31,984)	-	(9,407)	-
Changes in fair value of investment properties transferred from inventories		781	773	-	-
Recycling of changes in fair value of investment properties previously recognized in other comprehensive income		(50,301)	(70,218)	-	-
Effective portion of gains or losses on hedging instruments in a cash flow hedge		78,713	112,521	-	-
Currency translation differences		(8,907)	(324)	-	-
Other comprehensive income attributable to non-controlling interests, net of tax		-	-	-	-
Total comprehensive income for the year		2,443,674	2,839,549	925,265	277,356
Attributable to:					
Owners of the Company		1,949,517	2,155,332	N/A	N/A
Non-controlling interests		494,157	684,217	N/A	N/A
Earnings per share for profit attributable to ordinary shares of the Company	4(53)				
Basic earnings per share (RMB Yuan)		0.45	0.67	N/A	N/A
Diluted earnings per share (RMB Yuan)		0.45	0.67	N/A	N/A

The accompanying notes form an integral part of these financial statements.

Legal representative: Person in charge of accounting: Head of accounting department:

CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)



Items	Notes	2018 Consolidated	2017 Consolidated	2018 Company	2017 Company
Cash flow from operating activities					
Cash received from sales of goods and rendering of services		16,659,719	23,365,221	11,580	14,259
Cash received relating to other operating activities	4(54)(a)	511,541	453,442	9,488,044	24,513,456
Sub-total of cash inflows		17,171,260	23,818,663	9,499,624	24,527,715
Cash flow from investing activities					
Cash paid for goods and services		(16,041,434)	(15,108,361)	-	-
Cash paid to and on behalf of employees		(1,244,064)	(863,116)	(185,062)	(94,774)
Payments of taxes and surcharges		(3,416,509)	(2,329,280)	(57,085)	(4,170)
Cash paid relating to other operating activities	4(54)(b)	(2,563,982)	(1,064,117)	(18,617,782)	(21,213,986)
Sub-total of cash outflows		(23,265,989)	(19,364,874)	(18,859,929)	(21,312,930)
Net cash flows (used in)/generated from operating activities		(6,094,729)	4,453,789	(9,360,305)	3,214,785
Cash flow from investing activities					
Cash received from refund of investments		4,990,000	3,880,738	4,990,000	3,200,000
Cash received from returns of investments income		59,978	7,649	59,978	1,026,270
Net cash received from acquisition of subsidiaries		66,513	-	-	-
Net cash received from disposal of fixed assets and other long-term assets		80,889	40,957	-	-
Net cash received from disposal of subsidiaries and other companies		1,585,756	21,007	948,158	-
Cash received relating to other investing activities	4(54)(c)	3,664,157	3,755,487	1,476,515	1,083,644
Sub-total of cash inflows		10,447,293	7,705,838	7,474,651	5,309,914
Cash paid to purchase fixed assets and other long-term assets		(2,111,981)	(2,487,976)	(1,615)	(316)
Cash paid to acquire investments		(5,919,100)	(3,500,258)	(6,358,555)	(3,750,000)
Net cash paid for disposal of subsidiaries		-	(98,035)	-	-
Net cash received from acquire subsidiaries and other companies		(1,826,604)	(252,850)	-	-
Cash paid relating to other investing activities	4(54)(d)	(12,312,030)	(9,214,226)	(2,868,403)	(2,533,935)
Sub-total of cash out flows		(22,169,715)	(15,553,345)	(9,228,573)	(6,284,251)
Net cash flow used in investing activities		(11,722,422)	(7,847,507)	(1,753,922)	(974,337)

CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

Items	Notes	2018 Consolidated	2017 Consolidated	2018 Company	2017 Company
Cash flows from financing activities					
Cash received from capital contributions		507,150	2,500	-	-
<i>Including: Cash received from investments of non-controlling interests</i>		507,150	2,500	-	-
Proceeds from other equity instruments issued by the Company		9,299,000	3,100,000	9,299,000	3,100,000
Cash received from borrowings		30,937,037	13,490,395	2,220,000	782,679
Proceeds from debentures issued		18,270,935	4,221,862	12,445,000	-
Cash received relating to other financing activities	4(54)(e)	2,106,341	9,936,360	3,374,143	288,000
Sub-total of cash inflows		61,120,463	30,751,117	27,338,143	4,170,679
Cash repayments of borrowings		(28,857,595)	(13,770,784)	(11,136,322)	(4,309,000)
Cash payments for interests expenses and distribution of dividends or profit		(5,511,881)	(4,450,713)	(1,363,777)	(1,575,712)
Cash paid for repayments of specific capital management plan issued by subsidiaries		-	(1,200,000)	-	-
Cash paid for repayments of senior perpetual securities issued by subsidiaries		(2,510,000)	-	-	-
Cash paid for repayments of other equity instruments		(1,500,000)	-	(1,500,000)	-
Cash paid for business combination under common control		-	(165,333)	-	-
Cash paid relating to other financing activities	4(54)(f)	(1,196,836)	(6,430,422)	-	(763,689)
Sub-total of cash outflows		(39,576,312)	(26,017,252)	(14,000,099)	(6,648,401)
Net cash flows generated from/ (used in) financing activities		21,544,151	4,733,865	13,338,044	(2,477,722)
Effect of foreign exchange rate changes on cash		(28,631)	150,937	(9,827)	(2,795)
Net increase/(decrease) in cash and cash equivalent	4(55)	3,698,369	1,491,084	2,213,990	(240,069)
<i>Add: Cash and cash equivalent at beginning of year</i>		18,049,837	16,558,753	6,366,030	6,606,099
Cash and cash equivalent at end of year	4(55)	21,748,206	18,049,837	8,580,020	6,366,030

The accompanying notes form an integral part of these financial statements.

Legal representative: Person in charge of accounting: Head of accounting department:

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

Items	Notes	Attributable to owners of the Company							Non-controlling interests	Total equity
		Share capital	Other equity instruments Perpetual bond	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings			
Balance as at 1 January 2017		3,027,960	2,895,291	716,380	370,407	543,169	9,109,165	10,888,330	27,550,702	
Movements for the year ended 31 December 2017		-	2,994,677	(62,728)	42,752	27,736	1,267,814	110,580	4,380,831	
Comprehensive income for the year		-	-	-	-	-	2,112,580	684,217	2,796,797	
Profit for the year		-	-	-	-	-	-	-	42,752	
Other comprehensive income	4(36)	-	-	-	42,752	-	-	-	42,752	
Total comprehensive income		-	-	-	42,752	-	2,112,580	684,217	2,839,549	
Capital contribution and withdrawal by owners		-	-	-	-	-	-	471,275	471,275	
Capital contribution from owners		-	-	-	-	-	-	-	-	
Capital contribution by owners of other equity instruments		-	2,994,677	-	-	-	-	-	2,994,677	
Equity transaction with non-controlling interests		-	-	(62,400)	-	-	-	(536,100)	(598,500)	
Business combinations under common control		-	-	(328)	-	-	-	-	(328)	
Profit distribution		-	-	-	-	-	-	-	-	
Appropriations	4(38)	-	-	-	-	27,736	(27,736)	-	-	
Profit distribution to owners	4(38)	-	-	-	-	-	(605,592)	(508,812)	(1,114,404)	
Profit distribution to owners of other equity instruments	4(38)	-	-	-	-	-	(95,736)	-	(95,736)	
Others	4(38)	-	-	-	-	-	(115,702)	-	(115,702)	
Balance as at 31 December 2017		3,027,960	5,889,968	653,652	413,159	570,905	10,376,979	10,998,910	31,931,533	
Add: Changes in accounting policies		-	-	-	(998)	-	15,713	1,308	16,023	
Balance as at 1 January 2018		3,027,960	5,889,968	653,652	412,161	570,905	10,392,692	11,000,218	31,947,556	
Movement for the year ended 31 December 2018		-	7,586,050	(183,722)	26,585	94,476	644,665	(1,914,928)	6,253,126	
Comprehensive income for the year		-	-	-	-	-	1,922,932	494,157	2,417,089	
Profit for the year		-	-	-	-	-	-	-	26,585	
Other comprehensive income	4(36)	-	-	-	26,585	-	-	-	26,585	
Total comprehensive income		-	-	-	26,585	-	1,922,932	494,157	2,443,674	
Capital contribution and withdrawal by owners		-	-	-	-	-	-	565,956	565,956	
Capital contribution from owners		-	-	-	-	-	-	(279,805)	(279,805)	
Capital withdrawal by owners		-	-	-	-	-	-	-	-	
Capital contribution by owners of other equity instruments	15(4)	-	7,586,050	-	-	-	-	-	7,586,050	
Equity transaction with non-controlling interests		-	-	(129,601)	-	-	-	(2,437,144)	(2,566,745)	
Others		-	-	-	-	-	-	(22,251)	(22,251)	
Profit distribution		-	-	-	-	-	-	-	-	
Appropriations	4(38)	-	-	-	-	93,467	(93,467)	-	-	
Profit distribution to owners	4(38)	-	-	-	-	-	(635,872)	(235,841)	(871,713)	
Profit distribution to owners of other equity instruments	4(38)	-	-	-	-	-	(547,919)	-	(547,919)	
Repayment of other equity instruments	15(4)	-	-	(54,121)	-	-	-	-	(54,121)	
Others	4(38)	-	-	-	-	1,009	(1,009)	-	-	
Balance as at 31 December 2018		3,027,960	13,476,018	469,930	438,746	665,381	11,037,357	9,085,290	38,200,682	

The accompanying notes form an integral part of these financial statements.

Legal representative: Person in charge of accounting: Head of accounting department:

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

Items	Notes	Share capital	Other equity instruments Perpetual bond	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Total equity
Balance as at 1 January 2017		3,027,960	2,895,291	3,113,441	9,407	543,169	1,573,378	11,162,646
Movement for the year ended								
31 December 2017								
Total comprehensive income		-	2,994,677	-	-	27,736	(451,708)	2,570,705
Profit for the year		-	-	-	-	-	277,356	277,356
Capital contribution and withdrawal by owners								
Capital contribution by owners of other equity instruments		-	2,994,677	-	-	-	-	2,994,677
Profit distribution								
Appropriations	4(38)	-	-	-	-	27,736	(27,736)	-
Profit distribution to owners	4(38)	-	-	-	-	-	(605,592)	(605,592)
Profit distribution to owners of other equity instruments	4(38)	-	-	-	-	-	(95,736)	(95,736)
Balance as at 31 December 2017		3,027,960	5,889,968	3,113,441	9,407	570,905	1,121,670	13,733,351
Balance as at 1 January 2018		3,027,960	5,889,968	3,113,441	9,407	570,905	1,121,670	13,733,351
Movement for the year ended								
31 December 2018								
Comprehensive income for the year		-	7,586,050	(54,121)	(9,407)	94,476	(333,508)	7,283,490
Profit for the year		-	-	-	-	-	934,672	934,672
Other comprehensive loss		-	-	-	(9,407)	-	-	(9,407)
Total comprehensive income		-	-	-	(9,407)	-	934,672	925,265
Capital contribution and withdrawal by owners								
Capital contribution by owners of other equity instruments	15(4)	-	7,586,050	-	-	-	-	7,586,050
Profit distribution								
Appropriations	4(38)	-	-	-	-	93,467	(93,467)	-
Profit distribution to owners	4(38)	-	-	-	-	-	(635,872)	(635,872)
Profit distribution to owners of other equity instruments	4(38)	-	-	-	-	-	(547,919)	(547,919)
Repayment of other equity instruments	15(4)	-	-	(54,121)	-	-	-	(54,121)
Others		-	-	-	-	1,009	9,078	10,087
Balance as at 31 December 2018		3,027,960	13,476,018	3,059,320	-	665,381	788,162	21,016,841

The accompanying notes form an integral part of these financial statements.

Legal representative: Person in charge of accounting: Head of accounting department:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)



1. GENERAL INFORMATION

Beijing Capital Land Ltd. (hereinafter “the Company”) was established by seven companies (hereinafter “the promoters”) on 23 July 2002, namely Beijing Capital Group Co., Ltd. (hereinafter “Capital Group”), Beijing Sunshine Real Estate Comprehensive Development Company, Beijing Capital Sunshine Real Estate Development Co., Ltd., Beijing Capital Technology Investment Co., Ltd., Beijing Capital Hangyu Economic Development Co., Ltd. (renamed “Beijing Capital Investment & Development Co., Ltd.” as at 4 December 2013, hereinafter “Beijing Capital Investment”), China Resource Products Limited and Yieldwell International Enterprise Limited. The Company’s place of registry is Beijing, the People’s Republic of China (hereinafter “the PRC”) and is headquartered in Beijing, China.

The Company’s parent company and the ultimate controlling party is Capital Group, a state-owned enterprise established in Beijing.

The Company was listed on the Main Board of the Stock Exchange of Hong Kong Limited in June 2003. As at 31 December 2018, the total share of the Company is RMB3,027,960,000 with RMB1 per share.

The Company and its subsidiaries (hereinafter “the Group”) are principally engaged in the real estate development and investment, primary land development, commercial real estate operation and property consulting services.

Substantial subsidiaries consolidated by the Group for this year are set out in note 6.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

1. GENERAL INFORMATION *(Continued)*

The subsidiaries newly consolidated by the Group for this year are as follows, details are disclosed in note 5.

Company name	Hereinafter as
Hangzhou Linchuang Real Estate Co., Ltd.	Hangzhou Linchuang
Beijing Shouzhi Culture Technology Development Co., Ltd.	Shouzhi Culture
Beijing Tailongxiang Real Estate Co., Ltd.	Tailongxiang
Prime Golden Capital Management (Tianjin) Company Limited	Prime Golden capital
Tianjin TJ-Metro MTR Construction Co. Ltd.	TJ-Metro MTR
Trade Horizon Global Limited	Trade Horizon
Qingdao Grand Outlets Commercial Management Co., Ltd.	Qingdao Outlets
Chongqing Shouhao Real Estate Co., Ltd.	Chongqing Shouhao
Beijing Capital Qianyuan Traditional Culture Development Co., Ltd.	Capital Qianyuan
Shoujin Innovation (Beijing) Investment Management Co., Ltd.	Shoujin Innovation
Nanning Grand Outlets Real Estate Co., Ltd.	Nanning Outlets
Zhangjiakou Ruiyuan Real Estate Development Co. Ltd.	Zhangjiakou Ruiyuan
Shanghai Shouyue Real Estate Co., Ltd.	Shanghai Shouyue
Shanghai Shoudi Real Estate Co., Ltd.	Shanghai Shoudi
Qingdao Canghai Weiye Real Estate Development Co. Ltd.	Qingdao Canghai Weiye
Chengdu Capital Huafu Real Estate Co., Ltd.	Chengdu Huafu
Foshan Shoulang Real Estate Development Co. Ltd.	Foshan Shoulang
Shoujin Xinchuang (Tianjin) Real Estate Co., Ltd.	Shoujin Xinchuang
Shoujin Jichuang (Tianjin) Real Estate Co., Ltd.	Shoujin Jichuang
Shoujin Ruichuang (Tianjin) Real Estate Co., Ltd.	Shoujin Ruichuang
Beijing CUC Elite Education Co. Ltd.	CUC Elite
Zhuhai Hengqin Ruiyuan Tianxin Equity Investment Center (Limited Partnership)	Ruiyuan Tianxin
Chengdu Capital Ruihua Real Estate Co., Ltd.	Chengdu Ruihua

These consolidated financial statements were approved by the Board of Directors on 8 March 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(1) Basis of preparation

The financial statements were prepared in accordance with the Basic Standard of the Accounting Standards for Business Enterprises issued by the Ministry of Finance on 15 February 2006, Interpretations of Accounting Standards for Business Enterprises and other relevant regulations issued thereafter (hereinafter collectively referred to as the "Accounting Standards for Business Enterprises" or "CAS").

The financial statements were prepared on basis of going concern.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(2) Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements of the Company for the year ended 31 December 2018 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the financial position of the Consolidated and the Company as at 31 December 2018 and of their financial performance, cash flows and other information for the year ended 31 December 2018.

(3) Accounting year

The accounting year starts on 1 January and ends on 31 December.

(4) Functional currency

The functional currency of the Company and most of its subsidiaries is Renminbi (RMB). The functional currency of the Company's subsidiaries is determined based on the primary economic environment in which they operate, the functional currency of certain subsidiaries of the Group incorporated in France and Australia are local currency, the consolidated financial statements are presented in RMB.

(5) Business combinations

(a) Business combinations involving enterprises under common control

The consideration paid and net assets obtained by the acquirer in a business combination are measured at the carrying amount, but measured on the basis of the acquiree's carrying amount of assets and liabilities (including the goodwill generated from the acquisition of the acquiree by the ultimate controlling party) presented in the consolidated financial statements of the ultimate controlling party, under the condition that the acquiree was acquired from a third party by the ultimate controlling party in previous years. The difference between the carrying amount of the net assets obtained from the combination and the carrying amount of the consideration paid for the combination is recognized in the capital surplus (share premium). If the capital surplus (share premium) is not sufficient to absorb the difference, the remaining balance is recognized in retained earnings. Costs directly attributable to the combination shall be recognized in profit or loss in the period when occurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognized amounts of the equity or debt securities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(5) Business combinations *(Continued)*

(b) Business combinations involving enterprises not under common control

The consideration paid and identifiable net assets obtained by the acquirer in a business combination are measured at fair value at the acquisition date. Where the cost of the combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognized as goodwill; where the cost of combination is lower than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognized in profit or loss for the current period. Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognized amounts of the equity or debt securities.

(6) Preparation of consolidated financial statements

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries.

Subsidiaries are consolidated from the date on which the Group obtains control and are de-consolidated from the date that such control ceases. For a subsidiary that is acquired in a business combination involving enterprises under common control, it is included in the consolidated financial statements from the date when it, together with the Company, comes under common control of the ultimate controlling party. The portion of the net profits realized before the combination date is presented separately in the consolidated income statements.

In preparing the consolidated financial statements, where the accounting policies and the accounting periods are inconsistent between the Company and subsidiaries, the financial statements of subsidiaries are adjusted in accordance with the accounting policies and accounting period of the Company. For subsidiaries acquired from a business combination involving enterprises not under common control, the individual financial statements of the subsidiaries are adjusted based on the fair value of the identifiable net assets on the acquisition date.

All significant inter-group balances, transactions and unrealized profits are eliminated in the consolidated financial statements. The portion of a subsidiary's equity, the portion of a subsidiary's net profits and losses and comprehensive income for the year not attributable to the Company are recognized as non-controlling interests and income attributed to non-controlling interests as presented separately in the consolidated financial statements within equity, net profits and comprehensive income respectively. Unrealized inter profit or loss in transactions where the Company sells assets to its subsidiaries are fully eliminated to the net profits attributable to owners of the Company. Unrealized inter profit or loss in transactions where a subsidiary sells assets to the Company are eliminated between the net profits attributable to owners of the Company and the profit or loss of the non-controlling interest in proportion to the Company's allocation to the subsidiary. Unrealized inter profit or loss in transactions between subsidiaries selling assets are eliminated between the net profits attributable to owners of the Company and the profit or loss of non-controlling interest in proportion to the Company's allocation to the selling side.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(6) Preparation of consolidated financial statements *(Continued)*

A transaction will be adjusted from the perspective of the Group in condition that assertions are different when accounting entities are the Group and the Company or its subsidiaries.

(7) Cash

Cash comprises cash on hand and deposits that can be readily drawn on demand.

(8) Foreign currency translation

(a) Foreign currency transaction

Foreign currency transactions are translated into functional currency using the spot exchange rates at the dates of the transactions.

At the balance sheet date, monetary items denominated in foreign currencies are translated into functional currency using the spot exchange rates on the balance sheet date. Exchange differences arising from these translations are recognized in profit or loss for the current period, except for those attributable to foreign currency borrowings that have been taken out specifically for the acquisition or construction of qualifying assets, which are capitalized as part of the cost of those assets. Non-monetary items denominated in foreign currencies that are measured at historical costs are translated at the balance sheet date using the spot exchange rates at the date of the transactions. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

(b) Translation of foreign currency financial statements

The asset and liability items in the balance sheets for overseas operations are translated at the spot exchange rates on the balance sheet date. Among the owners' equity items, the items other than "retained earnings" are translated at the spot exchange rates on the transaction dates. The income and expense items in the income statements of overseas operations are translated at the spot exchange rates on the transaction dates. The differences arising from the above translation are presented separately in the owners' equity, as other comprehensive income. The cash flows of overseas operations are translated at the spot exchange rates on the dates of the cash flows. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

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FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(9) Financial instruments

Financial instruments are contracts forming financial assets of a party and financial liabilities or equity instruments of other parties. When the Group becomes a party to the financial instrument contract, the Group recognizes the related financial asset or financial liability.

(a) Financial assets

(i) Classification and measurement

Financial assets are classified into the following three categories depends on the Group's business mode of managing financial assets and cash flow characteristics of financial assets: financial assets at amortized cost, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

Financial assets are measured at fair value at initial recognition. The relevant transaction costs of financial assets at fair value through profit or loss are recognized in profit or loss for the current period. Transaction costs related to other financial assets are included in their initial recognition amounts. Trade receivables or notes receivables arising from the sale of products or rendering of services, which do not contain or do not take into account significant financing elements, are initially recognized by the Group in accordance with the amount of consideration expected to be entitled to receive.

– *Debt instruments*

Debt instruments held by the Group are instruments that meet the definition of financial liabilities from the issuer's point of view and are measured at the following two ways:

- at amortized cost:

The Group's business model for managing such financial assets is aimed at collecting contractual cash flow, and the contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangements, i.e. cash flow generated on a specific date is only payment of principal and interest based on the amount of outstanding principal. The Group recognizes interest income for such financial assets in accordance with the effective interest rate method. Such financial assets mainly include cash at bank and on hand, notes receivables and trade receivables, other receivables, debt investments and long-term receivables. The Group lists the debt investments and long-term receivables maturing within one year (including one year) since the balance sheet date as current portion of non-current assets, and the debt investments maturing within one year (including one year) as other current assets.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(9) Financial instruments *(Continued)*

(a) Financial assets *(Continued)*

(i) Classification and measurement *(Continued)*

- *Debt instruments (Continued)*
 - at fair value through profit or loss:

The Group lists debt instruments which are not measured by amortized cost or at fair value through other comprehensive income as trading financial assets at fair value through profit or loss. Those that are maturing over one year and expected to be held for more than one year since the balance sheet date are recognized as other non-current financial assets.

- *Equity instruments*

Investments in equity instruments which are not controlled, jointly controlled or significantly affected by the Group will be measured at fair value through profit or loss and recognized as trading financial assets; those that are expected to be held for more than one year since the balance sheet date will be recognized as other non-current financial assets.

In addition, the Group designates some non-tradable equity instrument investments as financial assets which are measured at fair value through other comprehensive income and are listed as other equity instruments investment. The relevant dividend income of the financial assets is included in the current profit or loss when certain conditions are met.

(ii) Impairment

The Group accounts for the impairment of financial assets at amortized cost and contract assets based on expected credit loss. The Group takes into account reasonable and valid information on past events, current conditions and forecasts of future economic conditions, with the risk of default as the weight, to calculate the probabilistic weighted amount of the present value of the difference between the cash flow receivable from contract and the expected cash flow to be received and recognize the expected credit loss.

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FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(9) Financial instruments *(Continued)*

(a) Financial assets *(Continued)*

(ii) Impairment *(Continued)*

On each balance sheet date, the Group measures the expected credit losses of financial instruments at different stages. The financial instrument is in the first stage if its credit risk has not increased significantly since the initial recognition. The Group measures loss provision according to the expected credit loss in the next 12 months. The financial instrument is in the second stage if its credit risk has increased significantly since the initial recognition, but no credit impairment has occurred. The Group measures loss provision according to the lifetime expected credit loss. The financial instrument is in the third stage if credit impairment has occurred. The Group measures loss provision according to the lifetime expected credit loss.

For financial instruments with low credit risk on the balance sheet date, the Group assumes that their credit risk has not increased significantly since the initial recognition, and measures the loss provision according to the expected credit loss over the next 12 months.

For financial instruments in the first and second stage and with lower credit risk, the Group calculates interest income on the basis of their book value without deducting the provision for impairment and using effective interest rates. For financial instruments in the third stage, interest income is calculated on the basis of their book value deducting the amortized cost after the provision for impairment has been made and using the effective interest rates.

For trade receivables and contract assets, the Group measures loss provisions in accordance with lifetime expected credit losses whether or not significant financing elements exist.

When it is unable to evaluate the information of expected credit loss of a single financial asset at a reasonable cost, the Group divides the receivables into portfolios according to the characteristics of credit risk, calculates the expected credit losses on the basis of the portfolio, and determines the portfolio on the basis of the following:

Portfolios of receivables from joint ventures and associates and joint bidding	Receivables from joint ventures, associates and other cooperate companies
Portfolios of receivables from customers	Receivables from property buyers
Property tenant Portfolio 1	Receivables from lessee of Outlets
Property tenant Portfolio 2	Receivables from lessee of other investment properties



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(9) Financial instruments *(Continued)*

(a) Financial assets *(Continued)*

(ii) Impairment *(Continued)*

For trade receivables divided into portfolios, the Group refers to the experience of historical credit losses and combines the current situation with the forecast of future economic conditions to prepare a comparative table of the expected credit loss between the overdue days of trade receivables and the lifetime expected credit loss rate and calculate expected credit loss.

For other receivables divided into portfolios, the Group refers to the experience of historical credit losses and combines the current situation with the forecast of future economic conditions to calculate expected credit loss by using default risk exposure and the expected credit loss rate over the next 12 months or over the lifetime.

The Group recognized the accrued or reversed loss provision in profit or loss for the current period.

(iii) Derecognition

A financial asset is derecognized when any of the below criteria is met: (1) the contractual rights to receive the cash flows from the financial asset expire; (2) the financial asset has been transferred and the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee; or (3) the financial asset has been transferred and the Group has not retained control of the financial asset, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

On derecognition of other equity instrument investments, the difference between the carrying amount and the sum of the consideration received along with the cumulative changes in fair value that had been recognized directly in other comprehensive income, is recognized in retained earnings; On derecognition of other financial assets, the difference between the carrying amount and the sum of the consideration received along with the cumulative changes in fair value that had been recognized directly in other comprehensive income, is recognized in profit or loss.

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FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(9) Financial instruments *(Continued)*

(b) Financial liabilities

Financial liabilities are classified into financial liabilities at amortized cost and financial liabilities at fair value through profit or loss at initial recognition.

The Group's financial liabilities are mainly financial liabilities at amortized cost, including notes payables and trade payables, other payables, long-term payables, borrowings and debentures payable which are initially recognized at fair value deducting transaction costs and recorded at amortized cost using effective interest rate in subsequent measurement. Financial liabilities with repayment period within 1 year (including 1 year) are stated as current liabilities; other financial liabilities with repayment period over 1 year but repayment date within 1 year since balance sheet date are stated as current portion of non-current liabilities; others are stated as non-current liabilities.

A financial liability is derecognized or partly derecognized when the current obligation is discharged or has been partly discharged. The difference between the carrying amount of the derecognized part of the financial liabilities and the consideration paid is recognized in profit or loss.

(c) Determination of fair value of financial instrument

The fair value of a financial instrument that is traded in an active market is determined by the quoted price in the active market. The fair value of a financial instrument that is not traded in an active market is determined by using a valuation technique. The Group uses the valuation technique when it is applicable under current conditions and there are enough available data and other information to support and the technique should maximize the use of relevant observable. Unobservable inputs are used under the circumstance that the relevant observable inputs cannot be obtained or not feasible. Those inputs should be consistent with the inputs a market participant would use when pricing the asset or liability.

(10) Hedging activities

The Group sets financial instruments as hedging instrument to manage exposure to foreign exchange risks. Changes in fair value or cash flow of the hedging instrument are expected to offset all or part of the changes in fair value or cash flow of hedged items. The Group accounts the hedging by using hedge accounting method.

Fair value of the hedging derivatives would be classified as a non-current asset or liability when the residual maturity of the hedged item is longer than 12 months.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(10) Hedging activities *(Continued)*

The Group continuously evaluates, both at hedge inception and on an ongoing basis, of whether the derivatives used in hedging transactions are highly effective, analyzes the cause for ineffective portion of hedging which will influence hedging relationship within the remaining period of hedging, and evaluates hedging relationship at the balance sheet date and when significant changes in relevant circumstances will affect the effectiveness requirements of hedging. The Group adopts ratio analysis to assess subsequent effectiveness of cash flow hedge.

Gain or loss on the cash flow hedging instrument relating to the effective portion is recognized in other comprehensive income and presented separately. Gain or loss relating to the ineffective portion, that is gain or loss deducting the portion recognized in other comprehensive income, is recognized in profit or loss.

The amount of cash flow hedging reserve shall be treated in accordance with the following provisions: (1) When the hedged item is an anticipated transaction, and the anticipated transaction enables the Group to subsequently recognize a non-financial asset or non-financial liability, or the anticipated transaction of non-financial assets or non-financial liabilities to form a determination commitment applicable to fair value hedging accounting, the amount of cash flow hedging reserve recognized in other comprehensive earnings will be transferred out and included in the initial recognized amount of the assets or liabilities; (2) For cash flow hedging that does not belong to the abovementioned (1), the amount of cash flow hedging reserve recognized in other comprehensive earnings will be transferred out and included in profit and loss during the same period when the expected cash flow of the hedging affects the profit and loss; (3) if the amount of cash flow hedging reserve recognized in other comprehensive income is a loss, and the loss is expected to be irreparable in whole or in part in the future accounting period, the expected irreparable part will be transferred out from other comprehensive income and included in profit or loss for the current period.

When the Group no longer applies hedging accounting on cash flow hedging, any cumulative cash flow hedging reserve recognized in other comprehensive income previously should be dealt with in accordance with the following provisions: (1) when the hedged future cash flow is still expected to occur, the cumulative cash flow hedge reserve should be kept; (2) when the hedged future cash flow is no longer expected to occur, the cumulative cash flow hedge reserve should be transferred out from other comprehensive income and recognized in profit or loss. When the hedged future cash flow is no longer highly possible expected to occur but still expected to occur, the cumulative cash flow hedge reserve should be kept.

(11) Inventories

(a) Classification

Inventories include properties under development, properties held for sale, merchandise inventories and low-cost consumables, which are measured at the lower of cost and net realizable value.

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FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(11) Inventories *(Continued)*

(b) Measurement of inventories

Inventories are initially recognized at the actual costs. The costs of properties under development and properties held for sale comprise land cost, construction cost, capitalized borrowing costs, and other direct and indirect fees incurred during the development period. On completion, the properties are transferred to properties held for sale at the actual costs. For land use rights that are developed for subsequent sales, the cost paid for land use rights are classified and accounted for as part of the costs of properties.

Public ancillary facilities comprise government-approved public ancillary projects, i.e. roads etc. The relevant costs are recognized in the properties under development, and are recorded by each cost items; the cost paid for land use rights are classified and accounted for as part of properties under development.

Merchandise inventories are finished goods purchased from external for retail, which are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. The cost of finished goods is purchase costs agreed in purchasing contracts.

(c) Measurement of net realizable value and provisions of inventories

Provisions are determined at the excess amount of the carrying value of the inventories over their net realizable value. Net realizable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs to completion and estimated selling expenses and related taxes.

(d) The Group adopts the perpetual inventory system.

(e) Low-cost consumables are amortized using the one-off amortization method.

(12) Long-term equity investments

Long-term equity investments comprise the Company's long-term equity investments in its subsidiaries and the Group's long-term equity investments in its joint ventures and associates.

Subsidiaries are the investees over which the Company is able to exercise control. Joint ventures are joint arrangements of which the net asset is attribute to the Group based on the legal forms, terms of contract and other facts and the investees over which the Group is able to exercise joint control together with other ventures. Associates are the investees that the Group has significant influence on their financial and operating policies.

Investments in subsidiaries are presented in the Company's financial statements using the cost method, and are adjusted for preparing the consolidated financial statements using the equity method. Investments in joint ventures and associates are accounted for using the equity method.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(12) Long-term equity investments *(Continued)*

(a) Measurement of investment cost

For long-term equity investments acquired through a business combination: for long-term equity investments acquired through business combination involving enterprises under common control, the investment cost shall be the acquirer's share of the carrying amount of the acquiree's owners' equity presented in the consolidated financial statements of the ultimate controlling party on the combination date; for long-term equity investments acquired through a business combination involving enterprises other than joint control, the investment cost shall be the combination cost.

For long-term equity investments acquired not through a business combination: for long-term equity investment acquired by payment in cash, the initial investment cost shall be the purchase price actually paid; for long-term equity investments acquired by issuing equity instruments, the initial investment cost shall be the fair value of the equity instruments issued.

(b) Subsequent measurement and recognition of investment income and loss

For long-term equity investments accounted for using the cost method, they are measured at the initial investment cost, and cash dividends or profit distribution declared by the investees are recognized as investment income in profit or loss.

For long-term equity investments accounted for using the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets on the acquisition date, the long-term equity investment is measured at the initial investment cost; where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets on the acquisition date, the difference is included in profit or loss and the cost of the long-term equity investment is adjusted upwards accordingly.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(12) Long-term equity investments *(Continued)*

(b) Subsequent measurement and recognition of investment income and loss *(Continued)*

For long-term equity investments accounted for using the equity method, the Group recognizes the investment income or losses according to its share of net profit or loss of the investee. The Group discontinues recognizing its share of net losses of an investee after the carrying amount of the long-term equity investment together with any long-term interests that, in substance, form part of the investor's net investment in the investee are reduced to zero. However, if the Group has obligations for additional losses and the criteria with respect to recognition of provisions are satisfied, the Group continues recognizing the investment losses expected to be borne. For changes in owners' equity of the investee other than those arising from its net profit or loss, other comprehensive income and profit distribution, the Group adjusts the carrying amount of long-term equity investments and records its proportionate share directly into capital reserve. The carrying amount of the investment is reduced by the Group's share of the profit distribution or cash dividends declared by the investee. The unrealized profits or losses arising from the intra-group transactions amongst the Group and its investees are eliminated in proportion to the Group's equity interest in the investees, and then based on which the investment gains or losses are recognized. For the loss on the intra-group transaction amongst the Group and its investees attributable to asset impairment, any unrealized loss is not eliminated.

(c) Definitions of control, joint control and significant influence

Control is the power over the investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee companies, and has the ability to affect those returns through its power over the investee companies.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the Group and the other parties sharing control.

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.

(d) Impairment of long-term equity investment

The carrying amounts of long-term equity investments in subsidiaries, joint ventures and associates are reduced to the recoverable amounts when the recoverable amounts are below their carrying amounts.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(13) Joint operations

Joint operations are operations with a contractual arrangement, whereby the Group and other parties jointly enjoy related assets and are responsible to related liabilities. Under joint operations, the assets and liabilities which belong to joint operations and are related to profit shares should be recognized separately or shared by proportion; Revenues were recognized from selling the Group's share in joint operations or selling products of joint operations; expenses were recognized separately or shared by proportion in the joint operations.

(14) Investment properties

Investment properties, including land use rights that have already been leased out, buildings that are held for the purpose of leasing and buildings that is being constructed or developed for the purpose of leasing in the future, are measured initially at cost. Subsequent expenditures incurred in relation to an investment property is included in the cost of the investment property when it is probable that the associated economic benefits will flow to the Group and their cost can be reliably measured; otherwise, the expenditures are recognized in profit or loss in the period in which they are incurred.

The Group adopts the fair value model for subsequent measurement of investment properties. Investment properties are measured at fair value model when the following conditions are met:

- (a) There is an active property market where the investment property locates.
- (b) The Group can obtain the market price or the relevant information regarding the same type of or similar property market, so as to reasonably estimate the fair value of the investment property.

Depreciation or amortization will no longer be provided for investment properties measured at fair value. Investment properties will be valued as at the balance sheet date and its carrying amount will be adjusted accordingly. The difference between the fair value and the carrying amount will be charged to the current profit and loss account of the Group.

Where fair value of investment properties under construction is not reliably measurable but is expected to be reliably obtained after the construction is completed (including those investment properties under construction acquired initially by the Group), the property is measured at cost until the earlier of the date construction is completed or the date at which fair value becomes reliably measurable.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(14) Investment properties *(Continued)*

When the Group converts investment property to owner-occupied property or real estate inventory, the property's carrying amount is stated at the fair value on the conversion date. The difference between the fair value and the original carrying amount is recognized in profit or loss for the current period. When any owner-occupied property or real estate inventory is converted to investment properties to be measured through the fair value model, the fair value on the conversion date is recognized as the carrying amount of the investment property. When the fair value on the conversion date is less than its carrying amount, the difference will be charged to profit or loss for the current period. When the fair value on the conversion date is more than its carrying amount, the difference will be charged to other comprehensive income.

An investment property is derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The net amount of proceeds from sale, transfer, scrapping or damage of an investment property subtracts its carrying amount and related taxes and expenses is recognized in profit or loss for the current period.

(15) Fixed assets

(a) Recognition and initial measurement

Fixed assets comprise buildings, motor vehicles, and office equipment, etc.

Fixed assets are recognized when it is probable that the associated economic benefits will flow to the Group and the related cost can be reliably measured. Fixed assets purchased or constructed by the Group are initially measured at cost at the time of acquisition.

Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset when it is probable that the associated economic benefits will flow to the Group and the related cost can be reliably measured. The carrying amount of the replaced part is derecognized. All the other subsequent expenditures are recognized in profit or loss in the period in which they are incurred.

(b) Depreciation methods of fixed assets

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated residual values over their estimated useful lives. For the fixed assets that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(15) Fixed assets *(Continued)*

(b) Depreciation methods of fixed assets *(Continued)*

The estimated useful lives, the estimated rate of residual value and the annual depreciation rate are as follows:

	Estimated useful lives	Estimated rate of residual value	Annual depreciation rate
Buildings	10 to 40 years	0% to 10%	2.3% to 10.0%
Motor vehicles	5 to 10 years	0% to 10%	9.0% to 20.0%
Office equipment	3 to 10 years	0% to 10%	9.0% to 33.3%

The estimated useful lives, the estimated residual value of a fixed asset and the depreciation method applied to the asset are reviewed, and adjusted as appropriate at least each year end.

- (c) When recoverable amount of a fixed asset is lower than its carrying amount, the carrying amount should be written down to the recoverable amount.

(d) Disposal of fixed assets

A fixed asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds from disposal on sale, transfer, scrapping or damage of a fixed asset subtracts its carrying amount and related taxes and expenses is recognized in profit or loss for the current period.

(16) Borrowing costs

The Group's borrowing costs that are directly attributable to the acquisition and construction of investment properties or real estate projects that need a substantially long period of time for its intended use or sale commence to be capitalized and recognized as part of the cost of the asset when expenditures for the asset and borrowing costs have been incurred, and the activities relating to the acquisition and construction that are necessary to prepare the asset for its intended use or sale have commenced. The capitalization of borrowing costs ceases, when the investment properties under acquisition or construction becomes ready for its intended use, the properties under development become ready for sale (generally after Completion Certification granted), the borrowing costs incurred thereafter are recognized in profit or loss for the current period. Capitalization of borrowing costs is suspended during periods in which the acquisition or construction of the asset is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

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FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(16) Borrowing costs *(Continued)*

For borrowings that specified for acquisition and construction of investment properties and real estate projects and qualified for capitalization, the capitalization amount is measured as current actual interests of the specified borrowings subtract interest revenue earned from unused borrowings deposited at bank or investment income earned from temporary investment activities with unused borrowings.

For general borrowings that occupied by the acquisition and for construction of investment properties and real estate projects qualified for capitalization, the capitalization amount should be the weighted average exceeds of accumulated capital expenditures for capitalization over the amount of specialized borrowings multiplied by the weighted average effective interest rate. The effective interest rate is the rate used to discount the estimated future or the applicable shorter period cash flows of the borrowings to the initial measurement of the borrowings.

(17) Long-term prepaid expenses

Long-term prepaid expenses include expenditures that have been incurred but should be recognized as expenses over more than one year in the current and subsequent periods. Long-term prepaid expenses are amortized on the straight-line basis over the expected beneficial period and are presented at actual expenditure subtract accumulated amortization.

(18) Impairment of long-term assets

Fixed assets, intangible assets with finite useful lives, investment properties measured using the cost model and long-term equity investments in subsidiaries, joint ventures and associates are tested for impairment if there is any indication that an asset may be impaired at the balance sheet date. If the result of the impairment test indicates that the recoverable amount of the asset is less than its carrying amount, a provision for impairment and an impairment loss are recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognized on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs to is determined. A group of assets is the smallest group of assets that is able to generate cash inflows independently.

Goodwill that is separately presented in the financial statements is tested at least semiannually for impairment, irrespective of whether there is any indication that it may be impaired. In conducting the test, the carrying value of goodwill is allocated to the related asset groups or groups of asset groups which are expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of an asset group or group of asset groups, including the allocated goodwill, is lower than its carrying amount, the corresponding impairment loss is recognized. The impairment loss is first deducted from the carrying amount of goodwill that is allocated to the asset group or group of asset groups, and then deducted from the carrying amounts of other assets within the asset groups or groups of asset groups in proportion to the carrying amounts of assets other than goodwill.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(18) Impairment of long-term assets *(Continued)*

Once the above asset impairment loss is recognized, it will not be reversed for the value recovered in the subsequent periods.

(19) Employee benefits

Employee benefits are all forms of considerations given in exchange for services rendered by employees or compensation paid in order to terminate the employment relationship. Employee benefits mainly include short-term employee benefits, demission benefits, termination benefits and other long-term employee benefits, etc.

(a) Short-term employee benefits

Short-term employee benefits mainly include wages or salaries, bonuses, allowances and subsidies, staff welfare, social security contributions, housing funds, labor union funds, employee education funds, short-term compensated absences and profit sharing plan. When an employee has rendered service to the Group during an accounting period, the Group shall recognize short-term employee benefits as liabilities and charge to the cost of an asset or as an expense at the same time. Non-monetary benefits are measured in accordance with fair value.

(b) Demission benefits

Demission benefits are classified as defined contribution plan and defined benefit plans. Defined contribution is demission benefits plan in which the Group is not obliged to make further payment after paying a certain amount to individual funds. Defined benefit plans is other demission benefits plan except for defined contribution plan. During the period, demission benefits mainly include basic social pension security and unemployed insurance, both of which are defined contribution plan.

– Basic social pension security

Employees of the Group participate in the basic social pension plan set up and administered by the government authorities. Basic pensions are provided monthly according to stipulated proportions and basis, which are paid to local labor and social security institutions. After retirement of employees, local labor and social security institutions will pay related pensions to employees accordingly. When an employee has rendered service to the Group during an accounting period, the Group shall compute and recognize liabilities according to the above stipulation and charge to the cost of an asset or as an expense at the same time.

The Group provides a pension scheme, which is established under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance (“MPF Scheme”), for all employees in Hong Kong. The statutory contribution requirements to the MPF Scheme are minimum 5% of eligible employees’ relevant aggregate income and maximum of Hong Kong dollars (“HKD”) 1,500 monthly. The assets of this pension scheme are held separately from those of the Group in independently administered funds.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(19) Employee benefits *(Continued)*

(b) Demission benefits *(Continued)*

– *Supplementary pension security plan*

Qualified employees of the Group can voluntarily join the supplementary pension security plan. Supplementary pensions are provided monthly based on employees' social security basis published in April and proportions of 5% from the Group and 5% from employee, which are paid to trustee. After retirement of employees, trustee will pay related pensions to employees accordingly. When an employee has rendered service to the Group during an accounting period, the Group shall compute and recognize liabilities according to the above stipulation and charge to the cost of an asset or as an expense at the same time.

(c) Termination benefits

Termination benefits are payables when employment is terminated by the Group before the employment contract expire, or compensation provided as an offer to encourage employees to accept voluntary redundancy. The Group recognizes termination benefits as liabilities and charges to profit or losses at the earlier of the following dates: when the Group can no longer withdraw the offer of termination plan; and when the Group recognizes costs for restructuring which involving the payment of termination benefits.

Termination benefits is disclosed as current liabilities if it is planned to be paid within one year after the balance sheet date.

(20) Equity instruments

Financial instruments issued by the Group are classified as equity instruments when both of the following conditions are satisfied:

- (a) The financial instruments have no contractual obligation to pay in cash or other financial assets to other parties nor to exchange financial assets or liabilities under potential adverse condition with other parties;
- (b) The financial instruments should and can be settled via equity instruments of the Group. For non-derivative instruments, the instruments have no contractual obligation to be settled by delivering fixed number of equity instruments of the Group. For derivative instruments, they can only be settled through the exchange of fixed number of the Group's equity instruments with fixed amount of cash or other financial assets.

Equity instruments except for ordinary shares issued by the Company are presented as other equity instruments in the financial statements. The amounts issued by the subsidiaries and classified as equity instruments in the consolidated financial statements of the Group are presented as non-controlling interest.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(21) Distribution of dividends

The amount of dividends is recognized as liability in the current period in which it is approved by general meeting of shareholders.

(22) Provisions

Provisions for product warranties, pending litigations etc. are recognized when the Group has a present obligation, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors surrounding a contingency, such as the risks, uncertainties and the time value of money, are taken into account as a whole in reaching the best estimate of a provision. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows. The increase in the discounted amount of the provision arising from passage of time is recognized as interest expense.

The carrying amount of provisions is reviewed at each balance sheet date and adjusted to reflect the current best estimate.

A provision is disclosed as current liabilities if it is planned to be paid within one year after the balance sheet date.

(23) Revenue recognition

When a customer gains control of the relevant goods or services, the Group recognizes the revenue at the amount of consideration expected to be entitled to receive.

(a) Sales of properties

Revenues are recognized when or as the control of the properties is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the properties may transfer over time or at a point in time.

For the sale of properties, if the Group has an enforceable right to payment for the part of performance that has been completed so far during the whole contract period, the relevant revenue is recognized over time. The Group recognizes revenue according to the progress of performance obligations completed during the whole contract period. The progress of performance obligations completed is measured by expenditures or inputs incurred by the Group in order to fulfill its performance obligations and is based on the proportion of the budgeted costs incurred by the end of the reporting period for each contract. For the sale of other properties, the revenue is recognized at a point in time when the customer obtains the control of the property, that is, when the properties are completed and reached check and accept status and is delivered or regarded as delivered to the customers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(23) Revenue recognition *(Continued)*

(b) Primary land development

Some of the Group's primary land development recognized revenue over time, and the progress of implementation is based on the proportion of the cost incurred over the budgeted cost by the end of the reporting period. Some recognized revenue at a point in time.

(c) Investment properties rental income

The rental income of investment properties is recognized by straight-line method according to the lease term.

(d) Retail income

The Group is engaged in retail business through Outlets. When the Group transfers certificates of ownership of goods to customers, the Group recognizes the sales income of the goods. Retail income is usually settled by cash or credit card.

(24) Government grants

Government grants are the gratuitous monetary assets or non-monetary assets that the Group receives from the government, including tax returns and financial subsidies.

Government grants are recognized when there is reasonable assurance that the grants will be received and the Group is able to comply with the conditions attaching to them. Monetary assets of the government grants are measured as the amount received or receivable. Non-monetary assets of the government grants are measured as fair value or notional value if the fair value cannot be obtained reliably.

A government grant related to an asset is the government grants acquired by the Group that specified for acquisition and construction or in other ways to form long-term assets. For government grants related to income are government grants other than government grants related to assets.

Government grants related to assets are recognized as deferred revenue or writing down book value of relevant assets and will be amortized over the useful life of the related assets in profit or loss using a reasonable method. Government grants related to income which are used to compensate expenses or losses in subsequent periods, are recognized as deferred revenue and realized in profit or loss or writing down relevant costs for the year such expenses or losses occurred; the ones which are to compensate expenses or losses occurred in previous periods are directly realized in profit or loss or writing down relevant costs. The Group disclosed government grants in the same category in the same way.

Government grants related to daily operations are recognized in operating profit and otherwise in non-operating income.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(24) Government grants *(Continued)*

The book value of the borrowings with granted prime interest rate received by the Group are recognized at the value of net cash received, and the borrowing costs are calculated on the capital of borrowings and the granted prime interest rate. The fiscal interest discount received directly by the Group writes down the borrowing costs related.

(25) Deferred income tax assets and deferred income tax liabilities

Deferred income tax assets and deferred income tax liabilities are calculated and recognized based on the differences arising between the tax bases of assets and liabilities and their carrying amounts (temporary differences). Deferred income tax asset is recognized for the deductible losses that can be carried forward to subsequent years for deduction of the taxable profit in accordance with the tax laws. No deferred income tax liability is recognized for a temporary difference arising from the initial recognition of goodwill. No deferred income tax asset or deferred income tax liability is recognized for the temporary differences resulting from the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible loss). At the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available to offset the deductible temporary differences, deductible losses, and deductible tax amounts.

Deferred income tax liabilities are recognized for temporary differences arising from investments in subsidiaries, joint ventures and associates, except where the Group is able to control the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not be reversed in the foreseeable future. When it is probable that the temporary differences arising from investments in subsidiaries, joint ventures and associates will be reversed in the foreseeable future and that the taxable profit will be available in the future to offset the deductible temporary differences, the corresponding deferred income tax assets are recognized.

Deferred income tax assets and liabilities are offset if all the following conditions are met:

- they related to income taxes levied by the same tax authority; and
- the tax payer within the Group has a legally enforceable right to offset current tax assets and current tax liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(26) Leases

A finance lease is a lease that substantially transfers all the risks and rewards incidental to ownership of an asset. An operating lease is a lease other than a finance lease.

The Group does not have finance leases. Lease payments under an operating lease are recognized in the asset cost or in profit or loss on a straight-line basis over the year of the lease.

(27) Maintenance and quality guarantee funds

Maintenance fund is collected from property buyers according to related regulations on behalf of housing administration bureau, by certain percentage of selling price of property, the fund will be delivered to housing administration bureau upon registration of property ownership. Maintenance fund is recognized in other payables when received and is for the repair and update for the common parts and equipment and public facilities of the real estate specially.

Quality guarantee fund is reserved by certain percentage of the project payment and when the properties are completed it will be repaid to constructor, in condition that there's no quality issue in agreed warranty period.

(28) Held for sale and discontinued operations

A non-current asset or a component of the group satisfying the following conditions is classified as held for sale: (1) the non-current asset or the component in current conditions can be sold immediately according to usual trading terms; (2) the Group has made a legally binding sales agreement and has been approved for disposal of the non-current asset or the component, and the transfer will be completed within one year.

Non-current assets (except for financial assets, investment property at fair value and deferred income tax assets), which meet the recognition criteria for held for sale are measured at the lower of the fair value less costs to sell and the carrying amount. Any excess of the original carrying amount over the fair value less costs to sell is recognized as an asset impairment loss.

Non-current assets classified as held for sale, the assets and liabilities in the disposal groups are classified as current assets and current liabilities and should be listed on the balance sheet separately.

A discontinued operation is a component of the Group that either has been disposed of or is classified as held for sale, and can be distinguished from other components within the Group: (i) the component represents a separate major line of business or an individual geographical area of operations; (ii) is part of a single coordinated plan to disposal of a separate major line of business or an individual geographical area of operations; (iii) is a subsidiary acquired exclusively for the purpose of resale.

Profit or loss from discontinued operation listed in income statements includes profit or loss from operating and the disposal.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(29) Segment information

The Group identifies operating segments based on the internal organization, management requirements and internal reporting system and the reportable segments is determined and segment information is disclosed based on the operating segments.

An operating segment is a component of the Group that satisfies all of the following conditions: (i) the component is able to earn revenues and incur expenses from its operation activities; (ii) whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance, and (iii) for which the information on financial position, operating results and cash flows is available to the Group. If two or more operating segments have the similar economic characteristics and satisfy certain conditions, they could be aggregated into one single operating segment.

(30) Critical accounting estimates and judgments

The Group continually evaluates the critical accounting estimates and key judgments applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The following accounting estimates and key judgments may lead to significant adjustments in the book value of assets and liabilities in the next fiscal year:

(i) Impairment of trade receivables

The Group's main criteria for judging a significant increase in credit risk are that the number of overdue days exceeds 30 days or that one or more of the following indicators have changed significantly: the debtor's business environment, internal and external credit ratings, significant changes in actual or expected operating results, significant decreases in the value of collateral or the credit rating of the guarantor, etc.

The Group's main criteria for judging the occurrence of credit impairment are that the number of overdue days exceeds 90 days (i.e., default has occurred), or that it meets one or more of the following conditions: the debtor has major financial difficulties, other debt restructuring or is likely to go bankrupt, etc.

The Group calculates the expected credit loss through default risk exposure and expected credit loss rate, and determines the expected credit loss rate based on default probability and default loss rate. In determining the expected credit loss rate, the Group uses internal historical credit loss experience and other data, and adjusts the historical data with current situation and forward-looking information. In considering forward-looking information, the indicators used by the Group include the risk of economic downturn, growth of expected unemployment rate, external market environment, technological environment and changes in customer conditions. The Group regularly monitors and reviews assumptions related to the calculation of anticipated credit losses. The above estimation techniques and key assumptions did not change significantly in 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(30) Critical accounting estimates and judgments *(Continued)*

(ii) Deferred income tax assets

Judgment for whether deductible temporary differences and deductible losses can be reversed in the future period is required from the Group in recognizing deferred income tax assets. For deductible temporary differences and deductible losses, the Group recognizes deferred income tax assets to the extent that it is probable that taxable profit will be available in the future to offset the deductible losses.

(iii) Fair value of investment properties

The Group adopts fair value model for subsequent measurement of investment properties. Where fair value of investment properties under construction is not reliably measurable but is expected to be reliably obtained after the construction is completed, the property is measured at cost until the earlier of the date construction is completed or the date at which fair value becomes reliably measured. Critical estimates and judgments are required in determining the timing to adopt fair value model for subsequent measurement of investment properties, the Group makes such estimates and judgments based on the area, market condition, and development progress of the investment property project and obtains independent valuations for its investment properties at least annually from an independent professional appraiser as a third party. The fair value is determined in accordance with the methods below:

- Current prices (open market quotations) in an active market for the same or similar investment properties;
- When such information above is not available, then use recent trading prices in an active market of the same or similar investment property, and take the factors of situations, dates and locations of transactions, etc. into consideration;
- Based on the estimated rental income generated in the future and present value of the related cash flows.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(31) Changes in significant accounting policies

(a) Modification of the format of general enterprise statements

In 2018, the Ministry of Finance issued "Notice of the Ministry of Finance on Revising the Format of the General Enterprise Financial Statements for 2018 (Accounting [2018] 15)" and its interpretation, the Group has prepared its financial statements for the year ended 31 December 2018 in accordance with the above notification, and the comparative financial statements have been adjusted accordingly. The impact on the financial statements of the Group and the Company is as follows:

- (i) The impact on the consolidated balance sheet and income statements is shown below:

Contents and reasons of accounting policy changes	Report items affected	Amount affected	
		31 December 2017	1 January 2017
The Group reclassified interests receivable and dividends receivable into other receivables	Interests receivable	(468)	(30,581)
	Dividends receivable	(12,000)	(12,000)
	Other receivables	12,468	42,581
The Group reclassified trade payables and notes payables into notes payables and trade payables	Trade payables	(8,922,366)	(7,186,846)
	Notes payables	(67,694)	(26,223)
	Notes payables and trade payables	8,990,060	7,213,069
The Group reclassified interests payable and dividends payable into other payables	Interests payable	(612,032)	(547,854)
	Dividends payable	(264,790)	(257,272)
	Other payables	876,822	805,126
Contents and reasons of accounting policy changes	Report items affected	Amount affected	
		2017	
The Group reclassifies the interest income generated from related party loans and Australian real estate investments originally included in finance expenses to investment income	Finance expenses	(1,063,520)	
	Investment income	1,063,520	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(31) Changes in significant accounting policies *(Continued)*

(a) Modification of the format of general enterprise statements *(Continued)*

(ii) The impact on the Company's balance sheet and income statements is as follows:

Contents and reasons of accounting policy changes	Report items affected	Amount affected	
		31 December 2017	1 January 2017
The Group reclassified interests receivable into other receivables	Interests receivable	(26,235)	(26,235)
	Other receivables	26,235	26,235
The Group reclassified interests payable and dividends payable into other payables	Interests payable	(428,991)	(403,906)
	Dividends payable	(86,077)	(73,607)
	Other payables	515,068	477,513

Contents and reasons of accounting policy changes	Report items affected	Amount affected
		2017
The Group reclassifies the interest income of related party loans originally included in finance expenses to investment income	Finance expenses	(134,053)
	Investment income	134,053



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(31) Changes in significant accounting policies *(Continued)*

(b) Financial instruments

In 2017, the Ministry of Finance issued “CAS No.22 – Recognition and Measurement of Financial Instruments”, “CAS No.23 – Accounting for the Transfer of Financial Asset” and “CAS No.37 – Presentation of financial instruments” (hereinafter collectively referred to as the “new financial instrument standards”, the standards applied before are defined as “original financial instrument standards”). The Group has adopted above-mentioned standards to prepare the financial statements for the year ended 31 December 2018. The impact on the financial statements of the Group are disclosed as followings:

(b1) As at 1 January 2018, the comparison table of classification and measurement of financial assets according to the original financial instrument standards and new financial instrument standards for the Group is as follows:

Original financial instruments standards			New financial instruments standards		
Items	Measurement Category	Book value	Items	Measurement Category	Book value
Financial assets at fair value through profit or loss	at fair value through profit or loss	73,844	Trading financial assets	at fair value through profit or loss	73,844
Financial liabilities at fair value through profit or loss	at fair value through profit or loss	235,605	Trading financial liabilities	at fair value through profit or loss	235,605
Available-for-sale financial assets	at fair value through other comprehensive income (equity instrument)	2,590,462	Other equity instrument investments	at fair value through other comprehensive income	270,000
			Other non-current financial assets (i)	at fair value through profit or loss	2,320,462
Current portion of non-current assets	at amortized cost	1,368,733	Trading financial assets (ii)	at fair value through profit or loss	1,368,733
Long-term receivables	at amortized cost	3,201,838	Other non-current financial assets (ii)	at fair value through profit or loss	2,346,446
			Long-term receivables	at amortized cost	855,392
Derivative financial liabilities (b3)	at fair value through profit or loss	138,572	Derivative financial liabilities (b3)	at fair value through profit or loss	137,617

(i) The Group’s equity investment in Beijing Tiancheng Yongtai Real Estate Co., Ltd. (hereinafter “Tiancheng Yongtai”) is planned to be disposed of in the future. Therefore, available-for-sale financial assets are reclassified as financial assets at fair value through profit or loss and are presented as other non-current financial assets.

(ii) The Group’s contractual cash flow characteristics for investments in debt investment of the Australian Real Estate Projects are not solely payment of principal and interest based on principal and the amount of principal paid. Therefore, as at January 1, 2018, the Group reclassified the debt investment from long-term receivables to financial assets at fair value through profit or loss. According to the expiry date of the contracts, the part due within one year are presented as trading financial assets, and the part whose maturity date exceeds one year are presented as other non-current financial assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(31) Changes in significant accounting policies *(Continued)*

(b) Financial instruments *(Continued)*

(b2) As at 1 January 2018, the comparison table of classification and measurement of financial assets according to the original financial instrument standards and new financial instrument standards for the Company is as follows:

Original financial instruments standards			New financial instruments standards		
Account	Measurement Category	Book value	Account	Measurement Category	Book value
Financial assets at fair value through profit or loss	at fair value through profit or loss	73,844	Trading financial assets	at fair value through profit or loss	73,844
Available-for-sale financial assets	at fair value through other comprehensive income (equity instrument)	80,000	Other non-current financial assets	at fair value through profit or loss	10,000
			Other equity instrument investments	at fair value through other comprehensive income	70,000

(b3) As at 1 January 2018, the Group recalculated the book value of derivative financial liabilities according to the measurement categories under the new financial instruments standards:

	Book value
Derivative financial liabilities	
31 December 2017	138,572
Remeasurement: Changes in fair value	(955)
1 January 2018	137,617

As at 1 January 2018, the Group adjusted the amount of derivative financial liabilities and other comprehensive income by RMB955,000 and RMB998,000 respectively because of the adoption of the new financial instrument standards. Therefore, retained earnings as at 1 January 2018 has increased by RMB1,953,000.

As at January 1, 2018, except for the recalculation of the book value of derivative financial liabilities, all other subjects affected by the new financial instrument standards were reclassification.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(31) Changes in significant accounting policies *(Continued)*

(c) Revenue

In 2017, the Ministry of Finance issued revised “CAS No.14 – Revenue” (hereinafter “new revenue standards”). The Group has adopted above-mentioned standards to prepare the financial statements for the year ended 2018. The impact on the financial statements of the Group are disclosed as followings:

According to the relevant provisions of the new revenue standards, the cumulative impact of the Group on the first implementation of the standards adjusts the retained earnings and other related items in the financial statements at the beginning of 2018, and the comparative financial statements for 2017 are not rearranged.

Report items affected	Amount affected	
	1 January 2018	31 December 2018
Inventories (i)	(3,044,606)	(4,476,206)
Advances to suppliers	(89,961)	(120,826)
Trade receivables	(2,644)	–
Contract assets (i)	2,978,291	4,436,823
Other current assets	89,454	99,759
Long-term equity investments	799	(1,300)
Contract liabilities (ii)	21,014,691	17,102,209
Advances from customers (ii)	(21,113,831)	(17,212,108)
Taxes payable	11,342	3,444
Trade payables	535	134
Deferred income tax liabilities	3,907	11,473
Retained earnings	13,760	23,583

The main reasons for variance are as follows:

- (i) The amounts due from client for construction contract work generated from primary land development, which was originally presented in inventories are reclassified to contract assets;
- (ii) The advances from customers from real estate development are reclassified to contract liabilities.

The Group’s implementation of the new revenue standard doesn’t have a significant impact on income statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

3. TAXATION

The types and rates of taxes applicable to the Group are set out below:

Type	Taxable base	Tax rate
Enterprise income tax	Taxable income of subsidiaries located in the PRC	25%
	Income from taxable dividends of non-resident enterprises and investments disposal in mainland China	5% to 10%
	Taxable income of subsidiaries located in Hong Kong	16.5%
Value added tax ("VAT") (i)	Taxable value added amount (calculated at taxable sales multiplied by applicable tax rate, deducting the input VAT deductible in current period)	3%、5%、6%、10%、11%、16%、17%
Business tax (ii)	Taxable turnover	5%
LAT	Taxable value added amount through sales of properties	30% to 60%
City maintenance and construction tax	Amount of VAT and business tax paid	5%、7%
Education surcharge	Amount of VAT and business tax paid	According to the policies implemented at the location of the company
Property tax	Taxable residual value of properties	1.2%
	Rental income of properties	12%

(i) According to the Notice of the Ministry of Finance and the State Administration of Taxation on the Adjustment of VAT Tax Rate issued by the Ministry of Finance and the State Administration of Taxation (No. 32 of Finance and Tax [2018]), and relevant provisions, the VAT tax rate applicable to the income of the Group's sales of properties is 10% from 1 May 2018, and 11% before 1 May 2018.

(ii) The Group's revenue of sales of properties is subject to business tax before 1 May 2016, at a tax rate of 5%.



4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(1) Cash at bank and on hand

	31 December 2018	31 December 2017
Cash on hand	553	710
Bank deposits	22,388,421	20,917,287
Other cash balances	137,628	120,181
Total	22,526,602	21,038,178
Including: deposits overseas	1,509,232	1,459,728

As at 31 December 2018, bank deposits includes supervised advances from customers, mortgaged and pledged deposits for loans, performance guarantee fee, security deposits for certain mortgage loans to customers and certain loan and bond interests amounted to RMB721,005,000 (31 December 2017: RMB2,868,160,000). The Group has reclassified the above amounts to restricted bank deposits.

As at 31 December 2018, other cash balances includes deposits for bank acceptance bill amounted to RMB57,391,000 (31 December 2017: RMB120,181,000). The Group has reclassified the above amounts to restricted bank deposits.

(2) Trading financial assets

	31 December 2018	31 December 2017
Financial assets designated at fair value through profit or loss –		
Investment of real estate projects in Australia due within one year (Note 4(12)(a))	2,950,405	–
Investment Funds operated by Capital Securities Co., Ltd (“Capital Securities”) (i)	32,575	–
Investment Funds operated by First Capital Securities Co., Ltd (“First Capital Securities”) (i)	41,270	–
Total	3,024,250	–

(i) As at balance sheet date, the fair value of the trading financial assets is determined by the closing price on the last trading day of the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(3) Financial instruments at fair value through profit or loss

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

	31 December 2018	31 December 2017
Investment Funds operated by Capital Securities	–	73,844

(b) Financial liabilities at fair value through profit or loss

	31 December 2018	31 December 2017
Derivative instruments	–	235,605

(4) Notes receivables and trade receivables

	31 December 2018	31 December 2017
Trade receivables	3,617,558	2,416,002
Less: provision for doubtful debts (i)	(7,000)	(7,000)
Net	3,610,558	2,409,002

As at 31 December 2018 and 31 December 2017, the Group does not have any notes receivables.

Most sales of the Group are in the form of cash and advanced payment. Other sales are collected according to the agreed terms on sales contract.

The aging of trade receivables based on their recording dates is analyzed as follows:

	31 December 2018	31 December 2017
Within 1 year	1,264,461	2,196,967
1 to 2 years	2,157,101	73,964
2 to 3 years	65,400	45
Over 3 years	130,596	145,026
Total	3,617,558	2,416,002



4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(4) Notes receivables and trade receivables (Continued)

(i) Provision for doubtful debts

	31 December 2018	31 December 2017
Provision for doubtful debts of trade receivables (a)	7,000	7,000

- (a) As at 31 December 2018, analysis of separate assessment for provision for doubtful debts of trade receivables are as follows:

	Book value	Expected lifetime loss rates (%)	Provision for doubtful debts
Trade receivables	7,000	100	(7,000)

Except for the trade receivables with the provision for bad debts mentioned above, there is no significant anticipated credit loss and no provision for bad debts in other trade receivables were recognized by the Group.

(5) Advances to suppliers

	31 December 2018	31 December 2017
Advances to suppliers for projects	551,593	–
Advances to suppliers for merchandise	158,013	134,317
Advances to suppliers for construction	87,046	115,844
Advances to suppliers for land use rights	1,764	6,211,282
Prepaid sales commissions	–	89,961
Others	73,897	75,425
Total	872,313	6,626,829

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(5) Advances to suppliers (Continued)

(a) The aging analysis of the advances to suppliers is as follows:

	31 December 2018		31 December 2017	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	831,355	95	6,481,108	98
Over 1 year	40,958	5	145,721	2
Total	872,313	100	6,626,829	100

The advances to suppliers with aging over one year are mainly advances to suppliers for construction. As progress of the projects had not reached the terms of settlement, the advances had been not recognized as properties under development.

(6) Other receivables

	31 December 2018	31 December 2017 (Restated)
Receivables due from related parties (note 9(6))	15,059,343	4,396,600
Receivables from joint bidding (i)	2,761,328	1,842,524
Consideration receivables from disposal of equity and claims for debts (ii)	1,320,927	472,090
Land deposits and other guarantee deposits	398,471	154,382
Receivables from government repurchase of land use rights	227,927	377,865
Collect and remit payment on behalf	137,866	127,666
Dividends receivables	12,000	12,000
Interests receivables	2,826	468
Others	587,331	584,176
Total	20,508,019	7,967,771
Less: provisions for doubtful debts	(263,010)	(121,791)
Net	20,245,009	7,845,980



4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(6) Other receivables *(Continued)*

- (i) As at 31 December 2018, receivables from joint bidding were mainly receivables of the Group due from cooperation in real estate projects with third party real estate development companies. These receivables will be converted to equity investments or debt investments of the Group after winning the bid.
- (ii) In 2018, the Group disposed 51% of equity interests of Beijing Kaiyuan Hean Investment Management Co., Ltd. (hereinafter "Kaiyuan Hean") to a third party, with part of consideration for debt transfer unreceived. As at 31 December 2018, receivables from debt transfer amounted to RMB837,423,000 (Note 5(2)).

In 2013, the Group disposed 50% of equity interests of Outlets Property Investment Guangdong Ltd. (hereinafter "Outlets Guangdong") to a third party, with part of consideration for equity transfer and receivables from Outlets Guangdong unreceived. As at 31 December 2018, receivables of consideration from equity transfer and receivables from Outlets Guangdong totaled to RMB392,834,000 (31 December 2017: RMB392,834,000). As at 31 December 2018, the Group believed the credit risk of the receivable has increased significantly and accrued provisions for impairment of RMB178,000,000 based on the lifetime expected credit loss (31 December 2017: RMB80,000,000).

Besides, as at 31 December 2018, the amounts included receivables due from HuaQian Co., Ltd., (hereinafter "HuaQian Company") for the disposal of overseas equity interests of Beijing Tiancheng Yongtai Real Estate Co., Ltd., (hereinafter "Tiancheng Yongtai") an original subsidiary of the Group, amounted to RMB90,670,000 (31 December 2017: RMB79,256,000). The Group believes that the amounts are recoverable and not impaired, so are not subject to separate assessment for provision for impairment.

- (a) Aging analysis of other receivables are as follows:

	31 December 2018	31 December 2017 (Restated)
Within 1 year	19,340,858	7,185,072
1 to 2 year	469,025	171,295
2 to 3 years	106,739	113,841
Over 3 years	591,397	497,563
Total	20,508,019	7,967,771

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(6) Other receivables (Continued)

(b) Loss provision and changes in book value

	First stage			Third stage			Total Provision for doubtful debts	
	Expected credit loss over the next 12 months (grouping)		Expected credit loss over the next 12 months (separate)		Sub-total Provision for doubtful debts	Expected credit loss for the lifetime (impairment has occurred)		
	Provision for doubtful debts		Provision for doubtful debts			Provision for doubtful debts		
	Book value		Book value		Book value			
31 December 2017	5,839,555	-	1,693,591	-	-	434,625	(121,791)	(121,791)
Additions	10,314,521	-	2,225,727	-	-	90,219	(141,219)	(141,219)
Transfer to the third stage	-	-	(90,219)	-	-	-	-	-
31 December 2018	16,154,076	-	3,829,099	-	-	524,844	(263,010)	(263,010)

As at 31 December 2018, there is no significant expected loss for other receivables at the first stage and no provision for doubtful debts has been recognized.

As at 31 December 2018, the Group had no other receivables at the second stage.

As at 31 December 2018, analysis of provision for doubtful debts for other receivables at the third stage are as follows:

	Book value	Expected credit loss rate for the lifetime (%)	Provision for doubtful debts
Separate assessment for provision:			
Receivables of consideration from equity transfer and due from Outlets Guangdong	392,834	45	(178,000)
Receivables of agent construction from Nanjing Longpao project	70,219	33	(23,219)
Others	61,791	100	(61,791)
Total	524,844		(263,010)

(c) The provision accrued for doubtful debts during this year is RMB141,219,000, and no provision for doubtful debts is recovered or reversed.

(d) No other receivable is written off during this year.



4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(7) Inventories

(a) Inventories are classified as follows:

	31 December 2018			31 December 2017		
	Book balance	Provision for inventories	Book value	Book balance	Provision for inventories	Book value
Properties under development	58,683,646	-	58,683,646	48,533,633	-	48,533,633
Properties held for sale	16,265,545	(45,361)	16,220,184	13,544,374	(47,670)	13,496,704
Land under development	364,600	-	364,600	362,186	-	362,186
Amounts due from clients for contract work	-	-	-	2,978,291	-	2,978,291
Others	135,287	-	135,287	96,190	-	96,190
Total	75,449,078	(45,361)	75,403,717	65,514,674	(47,670)	65,467,004

(b) The movement of inventories' book balance in current year is as follows:

	31 December 2017	Changes in accounting policies	1 January 2018	Additions	Reductions	31 December 2018
Properties under development	48,533,633	-	48,533,633	27,920,075	(17,770,062)	58,683,646
Properties held for sale	13,544,374	(66,315)	13,478,059	17,420,416	(14,632,930)	16,265,545
Land under development	362,186	-	362,186	190,271	(187,857)	364,600
Amounts due from clients for contract work	2,978,291	(2,978,291)	-	-	-	-
Others	96,190	-	96,190	119,951	(80,854)	135,287
Total	65,514,674	(3,044,606)	62,470,068	45,650,713	(32,671,703)	75,449,078

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(7) Inventories *(Continued)*

(c) Analysis of provisions for impairment of inventories are classified as follows:

	31 December 2017	Changes in accounting policies	1 January 2018	Additions Provision	Reductions Reverse	Write-off	31 December 2018
Properties held for sale	47,670	-	47,670	-	-	(2,309)	45,361
Total	47,670	-	47,670	-	-	(2,309)	45,361

In 2018, the properties with the carrying amount of RMB14,376,723,000 (2017: RMB14,184,431,000) has been recognized as cost of sales from sales of properties.

As at 31 December 2018, the finance costs capitalized in the properties under development amounted to RMB5,202,779,000 (31 December 2017: RMB5,356,850,000). In 2018, the capitalization rate is 5.86% (2017: 6.02%).

As at 31 December 2018, certain land use rights and buildings in properties under development of the Group with the carrying amount of RMB18,916,208,000 (31 December 2017: RMB12,339,894,000) have been mortgaged as security for long-term borrowings amounted to RMB5,127,801,000 (31 December 2017: RMB6,137,615,000) (note 4(30)).

(8) Contract assets

	31 December 2018	31 December 2017
Primary land development	4,436,823	-

As at 31 December 2018, there was no significant expected credit loss in contract assets and no provision for doubtful debts has been recognized.



4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(9) Assets classified as held-for-sale

	31 December 2018		Book value
	Book value before classified as held-for-sale	Provision for impairment of the assets held-for-sale	
Long-term equity investments (i)	73,244	–	73,244

	31 December 2017		Book value
	Book value before classified as held-for-sale	Provision for impairment of the assets held-for-sale	
Long-term equity investments	9,921	–	9,921
Investment properties (ii)	329,000	–	329,000
Total	338,921	–	338,921

- (i) The Group decided to sell its equity investment in Changsha Joy City Investment Co., Ltd. (hereinafter “Changsha Investment”) to Hunan Xiangjiang Xinqu Cultural Tourism Investment Co., Ltd. due to the change of its investment plan. The share transfer transaction is expected to be completed in 2019.
- (ii) The Group decided to dispose the Oxford International College operated by Jingjin Tongcheng (Tianjin) Investment Co., Ltd.(hereinafter “Jingjin Tongcheng”) to Tianjin Haileybury International School (hereinafter “International School”) due to the change of business plan in 2017. The above transaction has completed in July 2018.

(10) Other current assets

	31 December 2018	31 December 2017
Prepaid taxes	2,820,691	2,851,861
Costs for obtaining contracts (i)	100,598	–
Total	2,921,289	2,851,861

- (i) The costs for obtaining contracts of the Group’s contract is mainly sales commission of real estate sales contracts, which is accounted for in advanced to suppliers in 2017.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(11) Long-term receivables

	31 December 2018	31 December 2017
Receivables due from associates	–	664,786
Receivables due from Australian Dollar (“AUD”) debt investments	–	3,715,179
Receivables from primary land development (a)	4,397,880	3,997,597
Sub-total	4,397,880	8,377,562
Less: Current portion of long-term receivables	(4,397,880)	(5,175,724)
Including: Receivables due from associates	–	(598,080)
Receivables due from AUD debt investments	–	(1,368,733)
Receivables from primary land development	(4,397,880)	(3,208,911)
Net	–	3,201,838

- (a) Receivables from primary land development are mainly receivables of Beijing Liujin Real Estate Co., Ltd. (hereinafter “Liujin Real Estate”) from primary land development (rebuilding project of shanty town) in Xihuangcun, Shijingshan District, Beijing, amounted to approximately RMB4,397,880,000 (31 December 2017: RMB3,995,423,000), which is expected to be recollected before 31 December 2019, such amounts were reclassified as current portion of non-current assets.

(12) Other non-current financial assets

	31 December 2018	31 December 2017
Investment of real estate projects in Australia (a)	4,011,134	–
Investment of Tiancheng Yongtai (b)	2,165,471	–
Less: Investment of real estate projects in Australia due within one year	(2,950,405)	–
Net	3,226,200	–

- (a) This investment is the principal and interest of the AUD debt investments in real estate development project in Australia. The principal and interests amounted equivalent to RMB4,011,134,000 as at 31 December 2018 and will mature from January 2019 to December 2021 respectively and will be recollected at the maturity date. Among which, RMB2,950,405,000 will be recollected before 31 December 2019, therefore it is reclassified as trading financial assets as at 31 December 2018. It is accounted for in long-term receivables in 2017.
- (b) As at 31 December 2018, the investment is the right to profit in real estate development project of Tiancheng Yongtai held by the Group. It is accounted for in available-for-sale financial assets in 2017.



4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(13) Available-for-sale financial assets

	31 December 2018	31 December 2017
At fair value		
– Available-for-sale equity instruments	–	2,320,462
At amortized cost		
– Available-for-sale equity instruments	–	270,000
Less: provision for doubtful debts	–	–
Net	–	2,590,462

(14) Long-term equity investments

	31 December 2018	31 December 2017
Joint ventures (a)	2,974,549	3,035,136
Associates (b)	2,133,824	1,446,218
Total	5,108,373	4,481,354
Less: provision for impairment of long-term equity investments	–	–
Net	5,108,373	4,481,354

There is no significant restriction on sale of the long-term equity investments of the Group and collection of the investment income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(14) Long-term equity investments (Continued)

(a) Joint ventures

	Changes in this year							31 December 2018	Impairment at year end		
	31 December 2017	Increase in investment	Decrease in investment	Share of net (losses)/ profit	Share of other comprehensive income	Other equity movement	Cash dividend or profit declared			Provision for impairment	Others
Shenyang Jitian Real Estate Co., Ltd. ("Shenyang Jitian")	100,079	-	-	(8,613)	-	-	-	-	(3,681)	87,785	-
Beijing Wanzhu Real Estate Co., Ltd. ("Beijing Wanzhu") (i)	58,895	-	-	(9,957)	-	-	-	-	-	48,938	-
International School	176	-	-	-	-	-	-	-	(176)	-	-
Tianjin Tonghua Qiangyu Investment and Management Co., Ltd. ("Tonghua Qiangyu") (ii)	-	-	-	14,365	-	-	-	-	-	14,365	-
Zhuhai Hengqin Shouju Chuangxin Equity Fund Co. Ltd. ("Zhuhai Hengqin Fund Management Company") (iii)	29,344	-	-	2,023	-	-	-	-	-	31,367	-
Zhuhai Hengqin Chengdu Weihua Equity Investment Fund (LLP) ("Zhuhai Hengqin Chengdu Weihua Fund") (iv)	-	-	-	34,950	-	-	-	-	(709)	34,241	-
Shanghai Shoujia Real Estate Co., Ltd. ("Shanghai Shoujia") (v)	549,869	-	-	266,984	-	-	-	-	-	816,853	-
Shanghai Henggu Real Estate Development Co., Ltd. ("Shanghai Henggu") (vi)	118,655	-	-	(159)	-	-	-	-	-	118,496	-
Shanghai Songming Real Estate Development Co., Ltd. ("Shanghai Songming") (vii)	99,301	-	-	2,287	-	-	-	-	-	101,588	-
Capital Qinglv (Kunshan) Real Estate Co. Ltd. ("Capital Qinglv") (viii)	240,795	-	-	(1,041)	-	-	-	-	-	239,754	-
Beijing Jinlong Yonghui Real Estate Co., Ltd. ("Jinlong Yonghui") (ix)	5,451	-	-	93,859	-	-	-	-	-	99,310	-
Beijing Dacheng Guangyuan Real Estate Co., Ltd. ("Dacheng Guangyuan") (x)	1,039	-	-	94,040	-	-	-	-	-	95,079	-
Shouwan Yuye (Shanghai) Property Services Co., Ltd. ("Shouwan Yuye") (xi)	-	-	-	-	-	-	-	-	-	-	-
Beijing Shangbodi Investment Consultant Co., Ltd. ("Shangbodi") (xii)	188,332	-	-	11,028	-	-	-	-	-	199,360	-
Tianjin Lianjin Real Estate Co., Ltd. ("Tianjin Lianjin")	24,394	-	-	(5,826)	-	-	-	-	-	18,568	-
Shanghai Zhiyue Industrial Co., Ltd. ("Shanghai Zhiyue")	248,629	-	-	(4,210)	-	-	-	-	-	244,419	-
Tianjin Yongyuan Real Estate Co., Ltd. ("Tianjin Yongyuan") (xiii)	-	-	-	-	-	-	-	-	-	-	-
Beijing Yuanchuang Xingmao Real Estate Co., Ltd. ("Yuanchuang Xingmao") (xiv)	29,635	-	-	(11,668)	-	-	-	-	-	17,967	-
Beijing Chuangyuan Yicheng Real Estate Co., Ltd. ("Chuangyuan Yicheng") (xv)	48,617	-	-	(6,052)	-	-	-	-	-	42,565	-
TJ-Metro MTR (xvi)	1,288,035	-	-	-	-	-	-	-	(1,288,035)	-	-
Shanghai Zanchuang Sports Venues Management Co., Ltd. ("Shanghai Zanchuang") (xvii)	3,890	-	-	(1,503)	-	-	-	-	-	2,387	-

FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)



4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(14) Long-term equity investments (Continued)

(a) Joint ventures (Continued)

	Changes in this year									31 December 2018	Impairment at year end
	31 December 2017	Increase in investment	Decrease in investment	Share of net (losses)/ profit	Share of other comprehensive income	Other equity movement	Cash dividend or profit declared	Provision for impairment	Others		
Tianjin Jiqing Real Estate Co., Ltd. ("Tianjin Jiqing") (xviii)	-	-	-	-	-	-	-	-	-	-	-
Beijing Yuanchuang Xingcheng Real Estate Co., Ltd. ("Yuanchuang Xingcheng") (xix)	-	50,000	-	(4,371)	-	-	-	-	-	-	45,629
Beijing Jinhaihu Culture Tourism Investment Co., Ltd. ("Jinhaihu Culture Tourism") (xx)	-	171,500	-	(245)	-	-	-	-	-	-	171,255
Tianjin Lianzhan Real Estate Development Co., Ltd. ("Tianjin Lianzhan") (xxi)	-	159,250	-	(1,236)	-	-	-	-	-	-	158,014
Chongqing Huayu Yesheng Industrial Co., Ltd. ("Chongqing Huayu Yesheng") (xxii)	-	20,200	-	(575)	-	-	-	-	-	-	19,625
Tianjin Ruibin Real Estate Co., Ltd. ("Tianjin Ruibin") (xxiii)	-	322,750	-	(4,197)	-	-	-	-	-	-	318,553
Tianjin Hefa Real Estate Development Co., Ltd. ("Tianjin Hefa") (xxiv)	-	49,400	-	(969)	-	-	-	-	-	-	48,431
Tianjin Ruitai Real Estate Co., Ltd. ("Tianjin Ruitai") (xxv)	-	-	-	-	-	-	-	-	-	-	-
Total	3,035,136	773,100	-	458,914	-	-	-	-	(1,292,601)	-	2,974,549

The related information of the joint ventures are set out in note 6(2).

- (i) In June 2012, the Company acquired 30% equity interests of Beijing Wanzhu by capital injection. However, according to the Articles of Association of Beijing Wanzhu, the Group and other shareholders jointly control Beijing Wanzhu, therefore it is recognized as a joint venture.
- (ii) The Company holds 40% equity interests of Tonghua Qiangyu. According to the Articles of Association of the company, the Company and other shareholders jointly control Tonghua Qiangyu, therefore it is recognized as a joint venture. The net assets of Tonghua Qiangyu are negative due to the losses in previous years. As the Group does not have the obligation to bear the additional losses beyond the share, the Group recognizes the carrying value of the long-term equity investment at zero other than negative. In 2018, the investment income attributable to the Group was amounted to RMB30,657,000 (31 December 2017: investment losses RMB5,766,000). As at 31 December 2018, the long-term equity investment after making up for unrecognized investment losses was amounted to RMB14,365,000 (As at 31 December 2017, the accumulated investment losses that are not recognized was amounted to RMB16,292,000).
- (iii) The Company holds 40% equity interests of Zhuhai Hengqin Fund Management Company. According to the Articles of Association of the company, the Group and other shareholders jointly control Zhuhai Hengqin Fund Management Company, therefore it is recognized as a joint venture.

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FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(14) Long-term equity investments *(Continued)*

(a) Joint ventures *(Continued)*

- (iv) Zhuhai Hengqin Chengdu Weihua Fund is limited partnership established by Zhuhai Hengqin Fund Management Company as the general partner in 2015, and the Group subscribes 22.52% of the intermediate units in the Fund, which holds 100% equity interests in Chengdu Jinhui Real Estate Co., Ltd. (hereinafter "Chengdu Jinhui"). The fund has a total scale of 1,200,000,000 shares amounted to RMB1,200,000,000. The fund is treated as interests of non-consolidated special purpose vehicle of the Group.

In 2018, the Group recognized investment income of RMB34,950,000 (2017: RMB38,522,000).

- (v) The Group acquired 60% equity interests of Shanghai Shoujia. According to the Articles of Association of the company, the decisions of relevant operation activities of Shanghai Shoujia require the unanimous consent of the Group and other shareholders, therefore it is recognized as a joint venture.
- (vi) The Group acquired 28% equity interests of Shanghai Henggu. According to the Articles of Association of the company, the decisions of relevant operation activities of Shanghai Henggu require the unanimous consent of the Group and other shareholders, therefore it is recognized as a joint venture.
- (vii) The Group acquired 28% equity interests of Shanghai Songming. According to the Articles of Association of the company, the decisions of relevant operation activities of Shanghai Songming require the unanimous consent of the Group and other shareholders, therefore it is recognized as a joint venture.
- (viii) The Group acquired 51% equity interests of Capital Qinglv. According to the Articles of Association of the company, the decisions of relevant operation activities of Capital Qinglv require the unanimous consent of the Group and other shareholders, therefore it is recognized as a joint venture.
- (ix) The Group acquired 14.55% equity interests of Jinlong Yonghui. According to the Articles of Association of the company, the decisions of relevant operation activities of Jinlong Yonghui require the unanimous consent of the Group and other shareholders, therefore it is recognized as a joint venture.
- (x) The Group acquired 12.5% equity interests of Dacheng Guangyuan. According to the articles of association of the company, the decisions of relevant operation activities of Dacheng Guangyuan require the unanimous consent of the Group and other shareholders, therefore it is recognized as a joint venture.
- (xi) The Group acquired 51% equity interests of Shouwan Yuye. According to the articles of association of the company, the decisions of relevant operation activities of Shouwan Yuye require the unanimous consent of the Group and other shareholders, therefore it is recognized as a joint venture. The net assets of Shouwan Yuye are negative due to the losses. As the Group does not have the obligation to bear the additional losses beyond the share, the Group recognizes the carrying value of the long-term equity investment at zero other than negative. In 2018, the unrecognized investment income amounted to RMB7,599,000 (2017: investment losses amounted to RMB6,908,000). As at 31 December 2018, the accumulated unrecognized investment losses amounted to RMB2,637,000 (31 December 2017: RMB10,236,000).
- (xii) The Company holds 51% equity of Shangbodi. According to the articles of Association of the company, the decisions of relevant operation activities of Shangbodi require the unanimous consent of the Group and other shareholders, therefore it is recognized as a joint venture.



4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(14) Long-term equity investments *(Continued)*

(a) Joint ventures *(Continued)*

- (xiii) The Group acquired 30% equity interests of Tianjin Yongyuan. According to the articles of association of the company, the decisions of relevant operation activities of Tianjin Yongyuan require the unanimous consent of the Group and other shareholders, therefore it is recognized as a joint venture. The carrying value of the Group's long-term equity investment in Tianjin Yongyuan at beginning of the year was nil due to offset of downstream and upstream transactions. As the Group does not have the obligation to bear the additional losses beyond the share, the Group recognizes the carrying value of the long-term equity investment at zero other than negative. In 2018, the unrecognized investment losses amounted to RMB60,000 (2017: RMB38,000). As at 31 December 2018, the accumulated unrecognized investment losses amounted to RMB98,000 (31 December 2017: RMB38,000).
- (xiv) The Group acquired 30% equity interests of Yuanchuang Xingmao. According to the articles of association of the company, the decisions of relevant operation activities of Yuanchuang Xingmao require the unanimous consent of the Group and other shareholders, therefore it is recognized as a joint venture.
- (xv) The Group acquired 50% equity interests of Chuangyuan Yicheng. According to the articles of association of the company, the decisions of relevant operation activities of Chuangyuan Yicheng require the unanimous consent of the Group and other shareholders, therefore it is recognized as a joint venture.
- (xvi) In 2017, the Group purchased 49% equity interests of TJ-Metro MTR. According to articles of association, the decisions of relevant operation activities of TJ-Metro MTR require the unanimous consent of the Group and other shareholders, therefore it is recognized as a joint venture. In March 2018, the Group acquired the rest 51% equity interests of TJ-Metro MTR. As at 31 December 2018, the Group holds 100% equity interests of TJ-Metro MTR, and was no longer treated as a joint venture.
- (xvii) The Group holds 40% equity interests of Shanghai Zanchuang. According to articles of association, the decisions of relevant operation activities of Shanghai Zanchuang require the unanimous consent of the Group and other shareholders, therefore it is recognized as a joint venture.
- (xviii) The Group holds 50% equity interests of Tianjin Jiqing. According to articles of association, the decisions of relevant operation activities of Tianjin Jiqing require the unanimous consent of the Group and other shareholders, therefore it is recognized as a joint venture. The carrying value of the Group's long-term equity investment in Tianjin Jiqing at beginning of the year was nil due to offset of downstream and upstream transactions. As the Group does not have the obligation to bear the additional losses beyond the share, the Group recognizes the carrying value of the long-term equity investment at zero other than negative. In 2018, the unrecognized investment losses amounted to RMB3,247,000 (2017: RMB173,000). As at 31 December 2018, the accumulated unrecognized investment losses amounted to RMB3,420,000 (31 December 2017: RMB173,000).
- (xix) In January 2018, Yuanchuang Xingcheng was established by capital contributions made jointly by the Group and other shareholders, and the Group holds 50% equity interests of Yuanchuang Xingcheng. According to the articles of association of the company, the decisions of relevant operation activities of Yuanchuang Xingcheng require the unanimous consent of the Group and other shareholders, therefore it is recognized as a joint venture.
- (xx) In April 2018, Jinhaihu Culture Tourism was established by capital contributions made jointly by the Group and other shareholders, and the Group holds 49% equity interests of Jinhaihu Culture Tourism. According to the articles of association of the company, the decisions of relevant operation activities of Jinhaihu Culture Tourism require the unanimous consent of the Group and other shareholders, therefore it is recognized as a joint venture.

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4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(14) Long-term equity investments *(Continued)*

(a) Joint ventures *(Continued)*

- (xxi) In May 2018, Tianjin Lianzhan was established by capital contributions made jointly by the Group and other shareholders, and the Group holds 17.5% equity interests of Tianjin Lianzhan. According to the articles of association of the company, the decisions of relevant operation activities of Tianjin Lianzhan require the unanimous consent of the Group and other shareholders, therefore it is recognized as a joint venture.
- (xxii) In July 2018, Chongqing Huayu Yesheng was established by capital contributions made jointly by the Group and other shareholders, and the Group holds 33.3% equity interests of Chongqing Huayu Yesheng. According to the articles of association of the company, the decisions of relevant operation activities of Chongqing Huayu Yesheng require the unanimous consent of the Group and other shareholders, therefore it is recognized as a joint venture.
- (xxiii) In November 2018, Tianjin Ruibin was established by capital contributions made jointly by the Group and other shareholders, and the Group holds 50% equity interests of Tianjin Ruibin. According to the articles of association of the company, the decisions of relevant operation activities of Tianjin Ruibin require the unanimous consent of the Group and other shareholders, therefore it is recognized as a joint venture.
- (xxiv) In December 2018, Tianjin Hefa was established by capital contributions made jointly by the Group and other shareholders, and the Group holds 24.7% equity interests of Tianjin Hefa. According to the articles of association of the company, the decisions of relevant operation activities of Tianjin Hefa require the unanimous consent of the Group and other shareholders, therefore it is recognized as a joint venture.
- (xxv) In December 2018, Tianjin Ruitai was established by capital contributions made jointly by the Group and other shareholders, and the Group holds 50% equity interests of Tianjin Ruitai. According to the articles of association of the company, the decisions of relevant operation activities of Tianjin Ruitai require the unanimous consent of the Group and other shareholders, therefore it is recognized as a joint venture. In 2018, the unrecognized investment losses amounted to RMB25,000.



4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(14) Long-term equity investments (Continued)

(b) Associates

	Change in this year									31 December 2018	Impairment at year end
	31 December 2017	Increase in investment	Decrease in investment	Share of net profit/ (losses)	Share of other comprehensive income	Other equity movement	Cash dividend or profit declared	Provision for impairment	Others		
Beijing Golden Net Property Investment Adviser ("Golden Net") (i)	13,253	-	-	24	-	-	-	-	-	13,277	-
Beijing Sunshine City Commercial Investment Co., Ltd. ("Sunshine City Commercial") (ii)	221,251	-	-	28,966	-	-	-	-	-	250,217	-
Shenyang Capital Xinzi Real Estate Co., Ltd. ("Shenyang Xinzi") (iii)	269,642	-	-	(6,831)	-	-	-	(2,684)	-	260,127	-
Tianjin Xinqing Real Estate Co., Ltd. ("Tianjin Xinqing") (iv)	265,113	-	-	(318)	-	-	-	(351)	-	264,444	-
Tianjin Xinming Real Estate Co., Ltd. ("Tianjin Xinming") (v)	207,652	-	-	(10,832)	-	-	-	(2,037)	-	194,783	-
Beijing Financial Street International Hotel Co., Ltd. ("Financial Street Hotel") (vi)	-	-	-	-	-	-	-	-	-	-	-
Zhuhai Hengqin Ruiyuan Jialing Equity Investment Fund (LLP) ("Zhuhai Hengqin ruiyuan Jialing Fund") (vii)	-	-	-	-	-	-	-	-	-	-	-
Capital Qinglv Culture Tourism (Kunshan) Co., Ltd. ("Capital Qinglv Culture")	14,965	-	-	-	-	-	-	-	-	14,965	-
Changsha Investment (Note 4(9)(i))	73,259	-	-	(15)	-	-	-	(73,244)	-	-	-
Zhongguancun Integrated Circuit Garden Development Co., Ltd. ("Zhongguancun Integrated Circuit Garden") (viii)	350,217	-	-	53,004	-	-	-	-	-	403,221	-
Nanchang Huachuang Xinghong Real Estate Co., Ltd. ("Nanchang Huachuang")	30,866	-	-	(1,495)	-	-	-	799	-	30,170	-
Beijing Tengtai Yiyuan Real Estate Co., Ltd. ("Tengtai Yiyuan") (ix)	-	216,000	-	(7,637)	-	-	-	-	-	208,363	-
Kaiyuan Hean (Note 5(2))	-	-	-	-	-	-	-	494,257	-	494,257	-
Total	1,446,218	216,000	-	54,866	-	-	-	416,740	-	2,133,824	-

The related information of the associates are set out in note 6(2).

- (i) The Company holds 14% equity interests of Golden Net and has significant influence on board of the directors of Golden Net, which is responsible for determining the financial policies in the ordinary course of business, therefore it is classified as an associate of the Group.
- (ii) The Company holds 35% equity interests of Sunshine City Commercial and has significant influence on board of the directors of Sunshine City Commercial, which is responsible for determining the financial policies in the ordinary course of business, therefore it is classified as an associate of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(14) Long-term equity investments *(Continued)*

(b) Associates *(Continued)*

- (iii) The Group holds 30% equity interests of Shenyang Xinzi and has significant influence on board of the directors of Shenyang Xinzi, which is responsible for determining the financial policies in the ordinary course of business, therefore it is classified as an associate of the Group.
- (iv) The Group holds 40% equity interests of Tianjin Xinqing and has significant influence on board of the directors of Tianjin Xinqing, which is responsible for determining the financial policies in the ordinary course of business, therefore it is classified as an associate of the Group.
- (v) The Group holds 40% equity interests of Tianjin Xinming and has significant influence on board of the directors of Tianjin Xinming, which is responsible for determining the financial policies in the ordinary course of business, therefore it is classified as an associate of the Group.
- (vi) In 2017, according to the articles of association, the Group holds 59.5% equity interests in the Financial Street Hotel directly and indirectly, and enjoys 34% profit of the Financial Street Hotel. The Group takes one out of three seats in the board of directors, which is responsible for the financial decisions in the ordinary course of business, therefore the company is recognized as an associate.

The net assets of Financial Street Hotel are negative due to continuous losses. As the Group does not have the obligation to bear the additional losses beyond the share, the Group recognizes the carrying value of the long-term equity investment at zero other than negative. As at 31 December 2017, the accumulated investment losses that are not recognized amounted to RMB19,041,000.

In June 2018, the Group disposed 59.5% equity interests of the Financial Street Hotel and recognized investment income amounted to RMB687,822,000. After the disposal, the Group no longer hold any part of the equity interests of the Financial Street Hotel.

- (vii) Zhuhai Hengqin Ruiyuan Jialing Fund is limited partnership established by Zhuhai Hengqin Fund Management Company as the general partner in 2014, and the Group subscribes 20.73% of the intermediate units in Zhuhai Hengqin Ruiyuan Jialing Fund, which holds 100% equity interests in Chongqing Shouhui Real Estate Co., Ltd. (hereinafter "Shouhui Real Estate"). The fund has a total scale of 2,200,000,000 shares amounted to RMB2,200,000,000.

The fund is recognized as interests of non-consolidated special purpose vehicle, and the Group has significant influence over the fund according to the partnership agreement, therefore it is classified as an associate.

- (viii) The Group holds 50% equity interests of Zhongguancun Integrated Circuit Garden. According to the articles of association, the Group has significant influence on board of Zhongguancun Integrated Circuit Garden, which is responsible for the financial decisions in the ordinary course of business, therefore it is classified as an associate of the Group.
- (ix) The Group holds 25% equity interests of Tengtai Yiyuan. According to the articles of association, the Group has significant influence on board of Tengtai Yiyuan, which is responsible for the financial decisions in the ordinary course of business, therefore it is classified as an associate of the Group.

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)***(15) Investments in other equity instrument**

	31 December 2018	31 December 2017
Equity instrument investment		
Equity interests of non-listed companies		
– UCOMMUNE (Beijing) Venture Investment Co., Ltd. (hereinafter “UCOMMUNE”) (i)	238,283	–
– CDB Siyuan (Beijing) Investment Fund Ltd. (hereinafter “CDB Siyuan”)	50,000	–
Total	288,283	–

	31 December 2018	31 December 2017
UCOMMUNE		
– Cost	200,000	–
– Accumulated changes in fair value	38,283	–
CDB Siyuan		
– Cost	50,000	–
– Accumulated changes in fair value	–	–
Total	288,283	–

(i) As at 31 December 2017, the investment in UCOMMUNE of the Group amounted to RMB200,000,000.

In 2017, the investment is accounted for in available-for-sale financial assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(16) Investment properties

	Completed Investment properties	Investment properties under development measured at fair value	Investment properties under development measured at cost (i)	Total
31 December 2017	8,793,741	8,226,000	1,060,683	18,080,424
Additions	26,250	1,980,395	1,253,867	3,260,512
Transferred from inventories	349,646	–	–	349,646
Gains on change in fair value (Note 4(48))	209,214	112,305	–	321,519
Transfers	665,615	–	(665,615)	–
Disposals (ii)	(9,266)	(1,276,000)	–	(1,285,266)
Changes in fair value through other comprehensive income	1,041	–	–	1,041
Transferred to fixed assets (Note 4(17))	–	–	(157,636)	(157,636)
Transfer of completion	6,180,700	(6,180,700)	–	–
31 December 2018	16,216,941	2,862,000	1,491,299	20,570,240

- (i) As at 31 December 2018, some of the investment properties of the Group are still under construction, of which the fair value cannot be reliably determined but is expected to be measured reliably after the completion, therefore the Group measures such investment properties at cost until the date construction is completed or the date at which fair value becomes reliably measurable, when is earlier.
- (ii) The Group sells 51% equity interest of Kaiyuan Hean and de-consolidated it. Therefore, the amount of investment properties has been terminated (Note 5(2)).

As at 31 December 2018, certain investment properties with book value of RMB11,113,254,000 (31 December 2017: RMB12,859,555,000) have been pledged for long-term borrowings amounted to RMB5,037,006,000 (31 December 2017: RMB5,005,000,000) (note 4(30)).

In 2018, the capitalized financial costs in the investment properties amounted to RMB348,767,000 (2017: RMB691,392,000). The capitalization rate is 5.31% (2017: 4.82%).

In 2018, the effect on changes in fair value of investment properties recognized in profit or loss amounted to RMB321,519,000 (2017: RMB273,983,000).



4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(17) Fixed assets

	Buildings	Motor vehicles	Office equipment	Total
Cost				
31 December 2017	140,464	58,612	90,327	289,403
Increase	157,636	5,022	25,178	187,836
Purchase	–	5,022	24,576	29,598
Transfer from investment properties	157,636	–	–	157,636
Addition from purchase of subsidiary	–	–	602	602
Decrease	–	(20,072)	(2,461)	(22,533)
Dispose and retirements	–	(20,072)	(2,461)	(22,533)
31 December 2018	298,100	43,562	113,044	454,706
Accumulated depreciation				
31 December 2017	(23,915)	(47,558)	(65,633)	(137,106)
Increase	(2,624)	(3,557)	(17,043)	(23,224)
Provision	(2,624)	(3,557)	(17,043)	(23,224)
Decrease	–	18,383	2,011	20,394
Disposed and written off	–	18,383	2,011	20,394
31 December 2018	(26,539)	(32,732)	(80,665)	(139,936)
Provision for impairment				
31 December 2017	–	–	–	–
Increase	–	–	–	–
Decrease	–	–	–	–
31 December 2018	–	–	–	–
Net book value				
31 December 2018	271,561	10,830	32,379	314,770
31 December 2017	116,549	11,054	24,694	152,297

In 2018, depreciation expenses charged to administrative expense and depreciation expense amounted to RMB4,370,000 and RMB18,854,000, respectively (2017: RMB4,562,000 and RMB15,317,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(18) Deferred income tax assets and deferred income tax liabilities

(a) Deferred income tax assets before offsetting

	31 December 2018		31 December 2017	
	Deductible temporary differences and deductible losses	Deferred income tax assets	Deductible temporary differences and deductible losses	Deferred income tax assets
Provision for impairment of assets	32,310	8,077	40,314	10,078
Accrued salaries and other costs and expenses	58,576	14,644	52,980	13,245
Accumulated losses	6,423,108	1,605,777	4,581,772	1,145,443
Internal unrealized profit elimination	178,796	44,699	207,260	51,815
Total	6,692,790	1,673,197	4,882,326	1,220,581
Including:				
Amounts of reversal expected within 1 year (including 1 year)		53,191		24,760
Amounts of reversal expected beyond 1 year		1,620,006		1,195,821
Total		1,673,197		1,220,581



4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(18) Deferred income tax assets and deferred income tax liabilities (Continued)

(b) Deferred income tax liabilities before offsetting

	31 December 2018		31 December 2017	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Other non-current financial assets	142,084	35,521	292,952	73,238
Business combination other than common control	845,760	211,440	697,632	174,408
Capitalized interest	3,604,788	901,197	3,503,676	875,919
Changes in fair value of investment properties recognized in profit or loss	5,115,465	1,278,866	5,310,984	1,327,746
Changes in fair value of investment properties recognized in other comprehensive income	455,984	113,996	521,964	130,491
Depreciation differences of investment properties	263,652	65,913	196,168	49,042
Primary land development	367,552	91,888	315,312	78,828
Others	58,552	12,106	88,530	8,220
Total	10,853,837	2,710,927	10,927,218	2,717,892
Including:				
Amounts of reversal expected within 1 year (including 1 year)		495,550		395,957
Amounts of reversal expected beyond 1 year		2,215,377		2,321,935
Total		2,710,927		2,717,892

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(18) Deferred income tax assets and deferred income tax liabilities *(Continued)*

- (c) The deductible temporary differences and deductible losses with no deferred income tax assets recognized are as follows:

	31 December 2018	31 December 2017
Deductible losses	2,976,688	2,764,066
Deductible temporary differences	652,010	513,100
Total	3,628,698	3,277,166

- (d) The deductible losses with no deferred income tax assets recognized will be expired as follows:

	31 December 2018	31 December 2017
2018	–	297,482
2019	532,248	532,248
2020	668,652	668,652
2021	821,472	821,472
2022	444,212	444,212
2023	510,104	–
Total	2,976,688	2,764,066

- (e) The net balance of deferred income tax assets and liabilities after offsetting are as follows:

	31 December 2018		31 December 2017	
	Offsetting amount	Balance after offsetting	Offsetting amount	Balance after offsetting
Deferred income tax assets	139,168	1,534,029	242,065	978,516
Deferred income tax liabilities	139,168	2,571,759	242,065	2,475,827



4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(19) Other non-current assets

	31 December 2018	31 December 2017
Prepayments for investment of real estate projects in Australia	351,976	–
Prepayments for land use rights of investment properties	290,000	–
Others	14,948	–
Total	656,924	–

(20) Provision for impairment of assets

	31 December 2017	Additions	Decrease		31 December 2018
			Reversal	Write off	
Provisions for doubtful debt of trade receivables	7,000	–	–	–	7,000
Including: separate assessment for provision	7,000	–	–	–	7,000
Provisions for doubtful debt of other receivables (note 4(6)(b))	121,791	141,219	–	–	263,010
Sub-total	128,791	141,219	–	–	270,010
Provisions for inventories impairment (note 4(7)(c))	47,670	–	–	(2,309)	45,361
Provisions for goodwill impairment	172,137	–	–	–	172,137
Sub-total	219,807	–	–	(2,309)	217,498
Total	348,598	141,219	–	(2,309)	487,508

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(21) Short-term borrowings

	31 December 2018	31 December 2017
Credit borrowings (a)	1,398,664	459,000
– General credit borrowings	838,982	441,000
– Guaranteed by the Group	559,682	18,000
Mortgaged borrowings	–	260,000
Pledged borrowings (b)	1,350,000	1,112,743
Total	2,748,664	1,831,743

(a) Credit borrowings

As at 31 December 2018, short-term borrowings of RMB1,398,664,000 (31 December 2017: RMB459,000,000) are credit borrowings obtained by the Group. Of which, RMB838,982,000 (31 December 2017: RMB441,000,000) are general credit borrowings obtained by the Group; RMB559,682,000 (31 December 2017: RMB18,000,000) are guaranteed by the Group for subsidiaries.

(b) Pledged borrowings

As at 31 December 2018, short-term borrowings of RMB1,350,000,000 (31 December 2017: RMB888,000,000) are pledged by the right to profit of trade receivables to be collected after sale of properties under development of the Group.

As at 31 December 2018, the range of annual interest rate for short-term borrowings is 3.66% to 6.50% (31 December 2017: 2.43% to 7.15%).

(22) Trading financial liabilities

	31 December 2018	31 December 2017
Derivative instruments	15,849	–

The Group entered into capped cross currency swap and capped forward contracts for certain foreign currency liabilities such as medium-term notes, etc., which belong to derivatives. The Group recognized such derivatives as trading financial liabilities.



4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(23) Notes payables and trade payables

	31 December 2018	31 December 2017 (Restated)
Notes payables (a)	32,706	67,694
Trade payables (b)	9,442,087	8,922,366
Total	9,474,793	8,990,060

(a) Notes payables

	31 December 2018	31 December 2017
Bank acceptance bill	32,706	67,694

(b) Trade payables

The aging analysis of trade payables are as follows:

	31 December 2018	31 December 2017
Within 1 year	8,673,535	8,332,605
Over 1 year	768,552	589,761
Total	9,442,087	8,922,366

(24) Advances from customers

	31 December 2018	31 December 2017
Advances from sales of properties under development	–	20,897,631
Others	–	216,200
Total	–	21,113,831

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(25) Contract liabilities

	31 December 2018	31 December 2017
Advances from sales of properties under development	16,984,377	–
Advances from sales of merchandise	32,080	–
Others	85,752	–
Total	17,102,209	–

In 2017, contract liabilities were accounted for in advances from customers.

(26) Employee benefits payables

	31 December 2018	31 December 2017
Short-term employee benefits payables (a)	216,101	201,991
Defined contribution plans payables (b)	2,445	4,732
Total	218,546	206,723

(a) Short-term employee benefit payables

	31 December 2017	Additions	Reductions	31 December 2018
Wages and salaries, bonuses, allowances and subsidies	127,434	1,055,434	(1,038,839)	144,029
Staff welfare	–	2,665	(2,665)	–
Social security contributions	1,467	47,820	(47,531)	1,756
Including: Medical insurance	1,029	43,147	(42,627)	1,549
Work injury insurance	185	1,666	(1,705)	146
Maternity insurance	253	3,007	(3,199)	61
Housing funds	316	51,970	(52,258)	28
Labor union funds and employee education funds	9,571	11,765	(11,819)	9,517
Profit-sharing plan	38,985	–	(5,280)	33,705
Director's emoluments (Note 9(8))	24,168	3,192	(810)	26,550
Others short-term employee benefit payable	50	8,219	(7,753)	516
Total	201,991	1,181,065	(1,166,955)	216,101

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)***(26) Employee benefits payables** *(Continued)***(a) Short-term employee benefit payables** *(Continued)*

As at 31 December 2018 and 31 December 2017, there is no defaulted payables in employee benefits.

The Group does not provide non-monetary benefit to employees.

(b) Defined contribution plans payables

	31 December 2017	Additions	Reductions	31 December 2018
Basic social pension security	4,018	68,202	(70,092)	2,128
Annuity	446	4,132	(4,445)	133
Unemployment insurance	268	2,488	(2,572)	184
Total	4,732	74,822	(77,109)	2,445

(27) Taxes payables

	31 December 2018	31 December 2017
Land appreciation tax payable	2,236,500	1,330,654
Enterprise income tax payable	552,412	1,154,886
VAT payable	274,406	291,725
Others	76,727	76,359
Total	3,140,045	2,853,624

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(28) Other payables

	31 December 2018	31 December 2017 (Restated)
Payables to related parties (Note 9(6))	5,517,878	3,329,980
Payables for equity transfer (i)	1,300,000	1,300,000
Payables to Tiancheng Yongtai	779,251	25,436
Interests payable due to debentures payable	729,580	456,808
Dividends payable to related parties (Note 9(6))	133,153	109,253
Payables to project investment (ii)	345,803	428,260
Payables for routine business	381,177	330,528
Dividends payable to other equity instruments	422,697	86,077
Collection of deeds tax and maintenance funds on behalf of government	217,239	199,477
Deposits from customers	108,508	143,507
Interests payable due to borrowings	51,893	110,595
Tender bond	44,812	23,010
Dividends payable to senior perpetual securities	17,405	69,460
Interests payable to long-term payables	9,353	25,091
Interests payable to related parties (Note 9(6))	–	19,538
Others	347,428	363,721
Total	10,406,177	7,020,741

- (i) As at 31 December 2018 and 31 December 2017, this balance is consideration of equity transfer of Tianjin Xingtai Jihong Real Estate Co., Ltd. (hereinafter “Xingtai Jihong”) payable to MTR Property (Tianjin) No.1 Co., Ltd..
- (ii) As at 31 December 2018, this balance is payables of Shanghai Lingyu Real Estate Co., Ltd. (hereafter “Shanghai Lingyu”) due to Qidong Bihong Real Estate Ltd., amounted to RMB345,803,000 (31 December 2017: RMB428,260,000), which was used for cooperation project investment.

(29) Current portion of non-current liabilities

	31 December 2018	31 December 2017
Long-term borrowings due within one year (Note 4(30))	5,800,590	9,909,883
Debentures payable due within one year (Note 4(31))	10,250,340	11,283,158
Long-term payables due within one year (Note 4(32))	4,620,000	2,600,000
Total	20,670,930	23,793,041



4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(30) Long-term borrowings

	31 December 2018	31 December 2017
Credit borrowings (a)	18,879,285	11,409,815
– General credit borrowings	1,576,000	5,423,651
– Guaranteed by the Group	17,303,285	5,986,164
Guaranteed borrowings (b)	1,893,000	2,298,000
Mortgaged borrowings (c)	8,843,807	8,588,615
– General mortgaged borrowings	6,037,007	6,149,375
– Guaranteed by the Group and mortgaged	2,806,800	2,439,240
Pledged borrowings (d)	1,416,470	1,632,000
– General pledged borrowings	1,130,000	–
– Guaranteed by the Group and pledged	286,470	1,632,000
Guaranteed and mortgaged borrowings (e)	248,000	1,464,000
Mortgaged and pledged borrowings (f)	1,073,000	1,090,000
Borrowings from debt investment plan (g)	11,660,000	5,500,000
– Guaranteed by the Group	7,160,000	–
– Guaranteed by Capital Group	4,500,000	5,500,000
Sub-total	44,013,562	31,982,430
Less: Long-term borrowings due within one year, including:		
Credit borrowings (a)	(387,182)	(3,002,508)
Guaranteed borrowings (b)	(62,000)	(1,217,000)
Mortgaged borrowings (c)	(769,408)	(1,099,375)
Pledged borrowings (d)	(64,000)	(830,000)
Guaranteed and mortgaged borrowings	–	(244,000)
Mortgaged and pledged borrowings (f)	(18,000)	(17,000)
Borrowings from debt investment plan (g)	(4,500,000)	(3,500,000)
Subtotal	(5,800,590)	(9,909,883)
Net	38,212,972	22,072,547

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(30) Long-term borrowings *(Continued)*

(a) Credit borrowings

As at 31 December 2018, bank borrowings of RMB18,879,285,000 (31 December 2017: RMB11,409,815,000) were credit borrowings obtained by the Group. Of which, RMB1,576,000,000 (31 December 2017: RMB5,423,651,000) were general credit borrowings obtained by the Group; RMB17,303,285,000 (31 December 2017: RMB5,986,164,000) were guaranteed by the Group.

Among the borrowings above, interests of principal of RMB189,000,000 are paid monthly, interests of principal of RMB18,690,285,000 are paid quarterly. Principal of RMB387,182,000 should be repaid on or before 31 December 2019, such amount was classified as long-term borrowings due within one year in financial statements.

(b) Guaranteed borrowings

As at 31 December 2018, the guaranteed borrowings amounted to RMB1,893,000,000 (31 December 2017: RMB2,298,000,000) are guaranteed by minority shareholders of subsidiaries or third parties.

Interests of the borrowings above are paid quarterly. The principal amounted to RMB62,000,000 should be repaid on or before 31 December 2019, and such amount was classified as long-term borrowings due within one year in financial statements.

(c) Mortgaged borrowings

As at 31 December 2018, the mortgaged borrowings amounted to RMB8,843,807,000 (31 December 2017: RMB8,588,615,000). Of which, bank borrowing of RMB3,763,000,000 (31 December 2017: RMB3,219,375,000) were secured by the mortgage of certain properties under development of the Group (Note 4(7)), bank borrowing of RMB2,274,007,000 (31 December 2017: RMB2,930,000,000) were secured by the mortgage of certain investment properties of the Group (Note 4(16)), bank borrowing of RMB1,116,800,000 (31 December 2017: RMB1,454,240,000) were guaranteed by the Group for subsidiaries and secured by the mortgage of certain properties under development of subsidiaries (Note 4(7)), bank borrowing of RMB1,690,000,000 (31 December 2017: RMB985,000,000) were guaranteed by the Group for subsidiaries and secured by the mortgage of certain investment properties of subsidiaries (Note 4(16)).

Among the borrowings above, interests of principal of RMB1,290,000,000 are paid monthly, interests of principal of RMB7,553,807,000 are paid quarterly. The principal amounted to RMB769,408,000 should be repaid on or before 31 December 2019, and such amount was classified as long-term borrowings due within one year in financial statements.



4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(30) Long-term borrowings *(Continued)*

(d) Pledged borrowings

As at 31 December 2018, bank borrowings of RMB1,416,470,000 (31 December 2017: RMB1,632,000,000) were pledged borrowings obtained by the Group. Of which, borrowings of RMB1,130,000,000 (31 December 2017: Nil) were pledged by the right to profit of trade receivables of subsidiaries of the Group, RMB286,470,000 (31 December 2017: RMB150,000,000) were guaranteed by the Group and pledged by the right to profit of trade receivables of subsidiaries of the Group.

Interests of the borrowings above are paid quarterly. The principal amounted to RMB64,000,000 should be repaid on or before 31 December 2019, and such amount was classified as long-term borrowings due within one year in financial statements.

(e) Guaranteed and mortgaged borrowings

As at 31 December 2018, the guaranteed and mortgaged borrowings of the Group amounted to RMB248,000,000 (31 December 2017: RMB1,464,000,000). Of which, borrowings of RMB248,000,000 (31 December 2017: RMB1,220,000,000) are guaranteed by the Capital Group and secured by the mortgage of certain properties under development of the Group (Note 4(7)).

Interests of the borrowings above are paid quarterly.

(f) Mortgaged and pledged borrowings

As at 31 December 2018, the mortgaged and pledged borrowings of the Group amounted to RMB1,073,000,000 (31 December 2017: RMB1,090,000,000) are guaranteed by the Group, secured by the mortgage of certain investment properties of the Group (Note 4(16)) and pledged by the right to profit of trade receivables.

Interests of the borrowings above are paid annually and the principal of RMB18,000,000 should be repaid before 31 December 2019, such amount was classified as long-term borrowings due within one year in financial statements.

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FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(30) Long-term borrowings *(Continued)*

(g) Borrowings from debt investment plan

As at 31 December 2018, the Group had borrowings of RMB11,660,000,000 (31 December 2017: RMB5,500,000,000) through certain debt investment plans. Of which RMB4,500,000,000 (31 December 2017: RMB5,500,000,000) are guaranteed by Capital Group with interest paid quarterly; RMB7,160,000,000 (31 December 2017: Nil) are guaranteed by the Group with interests paid quarterly. Among the borrowings above, RMB4,500,000,000 should be repaid before 31 December 2019, such amount was classified as long-term borrowings due within one year in financial statements.

As at 31 December 2018, the range of annual interest rate for long-term borrowings is from 3.40% to 8.30% (31 December 2017: 3.19% to 9.20%).

(31) Debentures payable

	31 December 2017	Issued in current year	Amortization at effective interest rate	Redemption in this year	Other movements (i)	31 December 2018	Including: interest accrued at book value in current year
Corporate bonds	18,953,498	12,445,000	31,921	(5,690,000)	–	25,740,419	1,162,991
Medium term notes	3,482,943	3,104,042	25,020	–	471,800	7,083,805	267,071
Other notes	1,298,264	2,721,893	4,001	(1,300,000)	12,160	2,736,318	97,821
Sub-total	23,734,705	18,270,935	60,942	(6,990,000)	483,960	35,560,542	1,527,883
Including: debentures payable due within one year	(11,283,158)					(10,250,340)	
Net	12,451,547					25,310,202	

(i) Other movements are mainly exchange rate changes.



4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(31) Debentures payable (Continued)

Information about the debentures payable is as follow:

	Book value in original currency	Date of issuance	Duration	Issued amount in original currency
250 million medium term note (ii)	250,000	17/02/2014	5 years	245,627
3 billion corporate bonds (iii)	3,000,000	27/05/2015	5 years	2,972,100
1.3 billion medium term note (vi)	1,300,000	30/07/2015	3 years	1,291,940
2.5 billion private corporate bonds (iv)	2,500,000	26/10/2015	3 years	2,490,600
2.5 billion private corporate bonds (v)	2,500,000	09/12/2015	3 years	2,490,300
2.3 billion private corporate bonds (vii)	2,300,000	18/04/2016	5 years	2,291,650
700 million private corporate bonds (vii)	700,000	18/04/2016	3 years	697,460
2.3 billion private corporate bonds (vii)	2,300,000	01/06/2016	3 years	2,290,800
1.7 billion private corporate bonds (vii)	1,700,000	01/06/2016	5 years	1,693,200
2 billion private corporate bonds (vii)	2,000,000	19/07/2016	3 years	1,993,075
1 billion private corporate bonds (vii)	1,000,000	19/07/2016	5 years	996,538
400 million USD medium term note (ii)	400,000	25/01/2017	3 years	396,006
100 million USD medium term note (ii)	100,000	05/07/2017	3 years	99,238
500 million private corporate bonds (viii)	500,000	22/09/2017	1,096 days	496,900
500 million private corporate bonds (viii)	500,000	10/11/2017	1,047 days	498,500
1 billion private corporate bonds (viii)	1,000,000	16/01/2018	980 days	997,000
500 million USD medium term note (ii)	500,000	30/01/2018	3 years	493,832
1 billion private corporate bonds (ix)	1,000,000	09/04/2018	3 years	996,000
2 billion private corporate bonds (ix)	2,000,000	09/04/2018	5 years	1,992,000
1.5 billion private corporate bonds (ix)	1,500,000	11/07/2018	3 years	1,494,000
500 million private corporate bonds (ix)	500,000	11/07/2018	5 years	498,000
400 million USD bonds (x)	400,000	02/08/2018	3 years	397,619
2.5 billion private corporate bonds (ix)	2,500,000	14/09/2018	5 years	2,490,000
1.5 billion private corporate bonds (ix)	1,500,000	21/09/2018	3 years	1,488,000
1.5 billion private corporate bonds (ix)	1,500,000	03/12/2018	3 years	1,494,000
1 billion private corporate bonds (ix)	1,000,000	03/12/2018	5 years	996,000

- (ii) As at 10 February 2014, the Board of Directors of the Company announced the establishment of medium-term notes and perpetual securities program. Under this program, Central Plaza Development Ltd. (hereinafter "Central Plaza") can offer and issue securities to professional and institutional investors, with a principal limitation of no more than USD1 billion (or equivalent in other currency units). Securities will be issued on different release date and with different terms. International Financial Center Property Ltd., (hereinafter "IFC") and some of its subsidiaries provided unconditional and irrevocable guarantees and the Company entered into a Keepwell Deed for the medium-term notes. Pursuant to the Keepwell Deed, the Company will undertake to cause Central Plaza to remain solvent and going concern at all times, and guarantee both Central Plaza and IFC have sufficient liquidity to ensure timely repayment in respect of the bonds and the guarantee in accordance with the terms and conditions of the medium term notes and other obligations under the Keepwell Deed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(31) Debentures payable *(Continued)*

(ii) *(Continued)*

As at 17 February 2014, Central Plaza issued medium term notes amounted to RMB250,000,000 and received proceeds of RMB245,627,000 net of relevant issuance costs. The bond carries a fixed annual interest rate of 6.875% paid semi-annually and with a maturity period of 5 years. The principal and the interests for the last period will be fully repaid on the maturity date. As at 31 December 2018, the book value of the notes amounted to RMB249,913,000 is reclassified as non-current liabilities due within one year in financial statements.

As at 25 January 2017, Central Plaza issued medium term notes amounted to USD400,000,000 and received proceeds of USD396,006,000. The bond carries a fixed annual interest rate of 3.875% paid semi-annually with a maturity period of 3 years. The principal and the interests for the last period will be fully repaid on the maturity date. IFC and some of its subsidiaries provided unconditional and irrevocable guarantees and Capital Group entered into a Keepwell Deed for the medium-term notes.

As at 5 July 2017, Central Plaza issued medium term notes amounted to USD100,000,000 and received proceeds of USD99,238,000. The bond carries a fixed annual interest rate of 3.700% paid semi-annually with a maturity period of 3 years. The principal and the interests for the last period will be fully repaid on the maturity date. IFC and some of its subsidiaries provided unconditional and irrevocable guarantees and Capital Group entered into a Keepwell Deed for the medium-term notes.

On 24 January 2018, Central Plaza updated medium term notes and perpetual securities program, the principal limitation for offering and issuing securities to professional and institutional investors increased to USD2,000,000,000 (or equivalent in other currency units).

As at 30 January 2018, Central Plaza issued medium term notes amounted to USD500,000,000 and received proceeds of USD493,832,000. The bond carries a fixed annual interest rate of 3.875% paid semi-annually with a maturity period of 3 years. The principal and the interests for the last period will be fully repaid on the maturity date. IFC and some of its subsidiaries provided unconditional and irrevocable guarantees and Capital Group entered into a Keepwell Deed for the medium-term notes.

- (iii) As at 20 May 2015, the Company received "An approval to Beijing Capital Land Ltd. on public issuance of corporate bonds" ("Zhengjian [2015]896") from China Securities Regulatory Commission to approve the Company's request to issue domestic corporate bonds of no more than RMB3 billion. As at 27 May 2015, the Company issued domestic corporate bonds of RMB3,000,000,000 and received proceeds of RMB2,972,100,000 net of relevant issuance costs. The bond carries a fixed annual interest rate of 4.58% with a maturity period of 5 years, and the interest will be paid annually. The principal and the interests for the last period will be fully repaid on the maturity date.
- (iv) As at 26 October 2015, the Company issued non-public corporate bonds of RMB2,500,000,000 and received proceeds of RMB2,490,600,000 net of relevant issuance costs. The bond carries issuing interest rate of 4.70% with a maturity period of 3 years, and the interest will be paid annually. The issuer is entitled to adjust the coupon rate and the investors are entitled to sell back the bonds at the end of the second year. The principal and the interests for the last period will be fully repaid on the maturity date. At the end of the second year, the Company adjusted the coupon rate to 5.4%. The bonds of RMB2,500,000,000 was repaid in October 2018.
- (v) As at 9 December 2015, the Company issued non-public corporate bonds of RMB2,500,000,000 and received proceeds of RMB2,490,300,000 net of relevant issuance costs. The bond carries a fixed annual interest rate of 4.78% with a maturity period of 3 years, and the interest will be paid annually. The principal and the interests for the last period will be fully repaid on the maturity date. The bonds of RMB2,500,000,000 was repaid in December 2018.



4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(31) Debentures payable *(Continued)*

- (vi) As at 30 July 2015, Rosy Capital Global Limited (hereinafter "Rosy Capital"), a wholly-owned subsidiary of Beijing Capital Grand Limited (hereinafter "Capital Grand"), issued note amounted to RMB1,300,000,000 to the professional and institutional investors. Rosy Capital received proceeds of RMB1,291,940,000 net of relevant issuance cost. The notes carry a fixed annual interest rate of 5.25% paid semi-annually and with a maturity period of 3 years. The principal and the interests for the last period will be fully repaid on the maturity date. Capital Grand provided unconditional and irrevocable guarantees and Capital Group entered into Keepwell Deed for the note. Pursuant to the Keepwell Deed, Capital Group will guarantee Rosy Capital have sufficient liquidity to ensure timely repayment in respect of the note and the guarantee payable in accordance with the terms and conditions of the note and other obligations under the Keepwell Deed. The notes was repaid in July 2018.
- (vii) As at 25 October 2015, according to approval of Shanghai Stock Exchange (SSE letters [2015]2599), the Group was approved to issued non-public corporate bonds no more than RMB10 billion to qualified investors in domestic China. As at 18 April 2016, the Company issued private corporate bonds of RMB2,300,000,000 and received proceeds of RMB2,291,650,000 net of relevant issuance costs. The bond carries an issuing interest rate of 4.2% per annum and with a maturity period of 5 years. The issuer is entitled to adjust the coupon rate and the investors are entitled to sell back the bonds at the end of the third year. The principal and the interests for the last period will be fully repaid on the maturity date. The Company planned to let investors sell back the bonds at the end of the third year. Thus as at 31 December 2018, the book value of the bonds amounted to RMB2,297,170,000 is reclassified as non-current liabilities due within one year in financial statement.

As at 18 April 2016, the Company issued private corporate bonds of RMB700,000,000 and received proceeds of RMB697,460,000 net of relevant issuance costs. The bond carries an issuing interest rate of 4% per annum and with a maturity period of 3 years. The issuer is entitled to adjust the coupon rate and the investors are entitled to sell back the bonds to the issuer at the end of the second year. The principal and the interests for the last period will be fully repaid on the maturity date. At the end of the second year, the Company adjusted the coupon rate to 6.1%. As at 31 December 2018, the book value of the bonds amounted to RMB699,738,000 is reclassified as non-current liabilities due within one year in financial statement.

As at 1 June 2016, the Company issued private corporate bonds of RMB2,300,000,000 and received proceeds of RMB2,290,800,000 net of relevant issuance costs. The bond carries an issuing interest rate of 4.1% per annum and with a maturity period of 3 years. The issuer is entitled to adjust the coupon rate and the investors are entitled to sell back the bonds to the issuer at the end of the second year. The principal and the interests for the last period will be fully repaid on the maturity date. At the end of the second year, the Company adjusted the coupon rate to 5.7%. As at 31 December 2018, the book value of the bond amounted to RMB2,298,661,000 is reclassified as non-current liabilities due within one year in financial statements.

As at 1 June 2016, the Company issued private corporate bonds of RMB1,700,000,000 and received proceeds of RMB1,693,200,000 net of relevant issuance costs. The bond carries an issuing interest rate of 4.26% per annum and with a maturity period of 5 years. The issuer is entitled to adjust the coupon rate and the investors are entitled to sell back the bonds to the issuer at the end of the third year. The principal and the interests for the last period will be fully repaid on the maturity date. The Company planned to let investors sell back the bonds at the end of the third year. Thus as at 31 December 2018, the book value of the bond amounted to RMB1,697,526,000 is reclassified as non-current liabilities due within one year in financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(31) Debentures payable *(Continued)*

(vii) *(Continued)*

As at 19 July 2016, the Company issued private corporate bonds of RMB2,000,000,000 and received proceeds of RMB1,993,075,000 net of relevant issuance costs. The bond carries an issuing interest rate of 3.71% per annum and with a maturity period of 3 years. The issuer is entitled to adjust the coupon rate and the investors are entitled to sell back the bonds to the issuer at the end of the second year. The principal and the interests for the last period will be fully repaid on the maturity date. On 14 June 2018, the Company announced the results of bond sell back. Total scale of 490,000 shares were registered to be sold back on 19 July 2018, amounted to RMB490,000,000. In July 2018, RMB490,000,00 were sold back, the interest rate was adjusted to 5.9% for the remain part amounted to RMB1,510,000,000. As at 31 December 2018, the remain part of the bond amounted to RMB1,508,681,000 is reclassified as non-current liabilities due within one year in financial statement.

As at 19 July 2016, the Company issued private corporate bonds of RMB1,000,000,000 and received proceeds of RMB996,538,000 net of relevant issuance costs. The bond carries an issuing interest rate of 3.84% per annum with a maturity period of 5 years. The issuer is entitled to adjust the coupon rate and the investors are entitled to sell back the bonds at the end of the third year. The principal and the interests for the last period will be fully repaid on the maturity date. The Company planned to let investors sell back the bonds at the end of the third year. Thus as at 31 December 2018, the book value of the bond amounted to RMB998,651,000 is reclassified as non-current liabilities due within one year in financial statements.

(viii) As at 22 September 2017, the Company issued private corporate bonds of RMB500,000,000 and received proceeds of RMB496,900,000 net of relevant issuance costs. The bond carries an issuing interest rate of 5.00% per annum with a maturity period of 1096 days. The interests will be paid quarterly and the principal will be fully repaid by instalments. As at 22 September 2018, the amount of matured bonds amounted to RMB100,000,000 was repaid. As at 31 December 2018, the principal amounted to RMB150,000,000 will be repaid on 22 September 2019 and is reclassified as non-current liabilities due within one year in financial statements.

As at 10 November 2017, the Company issued private corporate bonds of RMB500,000,000 and received proceeds of RMB498,500,000 net of relevant issuance costs. The bond carries an issuing interest rate of 5.70% per annum with a maturity period of 1047 days. The interests will be paid quarterly and the principal will be repaid by instalments. As at 10 November 2018, the amount of matured bonds amounted to RMB100,000,000 was repaid. As at 31 December 2018, the principal amounted to RMB150,000,000 will be repaid on 10 November 2019 and is reclassified as non-current liabilities due within one year in financial statements.

As at 16 January 2018, the Company issued private corporate bonds of RMB1,000,000,000 and received proceeds of RMB997,000,000 net of relevant issuance costs. The bond carries an issuing interest rate of 5.70% per annum with a maturity period of 980 days. The interests will be paid quarterly and the principal will be repaid by instalments. As at 31 December 2018, the principal amounted to RMB200,000,000 will be repaid on 16 January 2019 and is reclassified as non-current liabilities due within one year in financial statements.

(ix) As at 9 April 2018, the Company issued private corporate bonds of RMB1,000,000,000 and received proceeds of RMB996,000,000 net of relevant issuance costs. The bond carries an issuing interest rate of 5.70% per annum with a maturity period of 3 years, and the interests will be paid annually. The issuer is entitled to adjust the coupon rate and the investors are entitled to sell back the bonds at the end of the second year. The principal and the interests for the last period will be fully repaid on the maturity date.



4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(31) Debentures payable *(Continued)*

(ix) *(Continued)*

As at 9 April 2018, the Company issued private corporate bonds of RMB2,000,000,000 and received proceeds of RMB1,992,000,000 net of relevant issuance costs. The bond carries an issuing interest rate of 5.84% per annum with a maturity period of 5 years, and the interests will be paid annually. The issuer is entitled to adjust the coupon rate and the investors are entitled to sell back the bonds at the end of the third year. The principal and the interests for the last period will be fully repaid on the maturity date.

As at 11 July 2018, the Company issued private corporate bonds of RMB1,500,000,000 and received proceeds of RMB1,494,000,000 net of relevant issuance costs. The bond carries an issuing interest rate of 5.80% per annum with a maturity period of 3 years, and the interests will be paid annually. The issuer is entitled to adjust the coupon rate and the investors are entitled to sell back the bonds at the end of the second year. The principal and the interests for the last period will be fully repaid on the maturity date.

As at 11 July 2018, the Company issued private corporate bonds of RMB500,000,000 and received proceeds of RMB498,000,000 net of relevant issuance costs. The bond carries an issuing interest rate of 5.94% per annum with a maturity period of 5 years, and the interests will be paid annually. The issuer is entitled to adjust the coupon rate and the investors are entitled to sell back the bonds at the end of the third year. The principal and the interests for the last period will be fully repaid on the maturity date.

As at 14 September 2018, the Company issued listed corporate bonds of RMB2,500,000,000 and received proceeds of RMB2,490,000,000 net of relevant issuance costs. The bond carries an issuing interest rate of 4.89% per annum with a maturity period of 5 years, and the interests will be paid annually. The issuer is entitled to adjust the coupon rate and the investors are entitled to sell back the bonds at the end of the third year. The principal and the interests for the last period will be fully repaid on the maturity date.

As at 21 September 2018, the Company issued private corporate bonds of RMB1,500,000,000 and received proceeds of RMB1,488,000,000 net of relevant issuance costs. The bond carries an issuing interest rate of 6.00% per annum with a maturity period of 3 years, and the interests will be paid annually. The principal and the interests for the last period will be fully repaid on the maturity date.

As at 3 December 2018, the Company issued listed corporate bonds of RMB1,500,000,000 and received proceeds of RMB1,494,000,000 net of relevant issuance costs. The bond carries an issuing interest rate of 4.16% per annum with a maturity period of 3 years, and the interests will be paid annually. The principal and the interests for the last period will be fully repaid on the maturity date.

As at 3 December 2018, the Company issued listed corporate bonds of RMB1,000,000,000 and received proceeds of RMB996,000,000 net of relevant issuance costs. The bond carries an issuing interest rate of 4.50% per annum with a maturity period of 5 years, and the interests will be paid annually. The principal and the interests for the last period will be fully repaid on the maturity date.

(x) As at 2 August 2018, Trade Horizon, a wholly-owned subsidiary of the Company, issued note amounted to USD400,000,000 and received proceeds of USD397,619,000 net of relevant issuance cost. The notes carry a floating annual interest rate paid quarterly with a maturity period of 3 years. The principal and the interests for the last period will be fully repaid on the maturity date. Capital Grand provided unconditional and irrevocable guarantees and Capital Group entered into Keepwell Deed for the note. Pursuant to the Keepwell Deed, Capital Group will guarantee Trade Horizon have sufficient liquidity to ensure timely repayment in respect of the note and the guarantee payable in accordance with the terms and conditions of the note and other obligations under the Keepwell Deed.

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FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)



4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(32) Long-term payables

	31 December 2018	31 December 2017
UBS SDIC Capital Management Co., Ltd. ("UBS SDIC")	–	1,400,000
Pingan Trust Co. Ltd. ("Pingan Trust") (a)	3,600,000	4,800,000
Huanengguicheng Trust Co. Ltd. ("Huaneng Trust") (b)	1,200,000	1,200,000
Zhongjian Investment Trust Co. Ltd. ("Zhongjian Investment Trust") (c)	1,400,000	1,500,000
Others	27,001	5,775
Sub-total	6,227,001	8,905,775
Less: Long-term payables due within one year		
UBS SDIC	–	(1,400,000)
Pingan Trust (a)	(3,600,000)	(1,200,000)
Huaneng Trust (b)	(720,000)	–
Zhongjian Investment Trust (c)	(300,000)	–
Sub-total	(4,620,000)	(2,600,000)
Net	1,607,001	6,305,775

(a) As at 31 December 2018, the borrowings principal due to Pingan Trust amounted to RMB3,600,000,000 (31 December 2017: RMB4,800,000,000) was guaranteed by the Company with a maturity period of 2 years. Among the borrowings above, principal of RMB3,600,000,000 should be repaid on or before 31 December 2019, such amount was classified as long-term borrowings due within one year in financial statements.

(b) As at 31 December 2018, the borrowing principal due to Huaneng Trust amounted to RMB1,200,000,000 (31 December 2017: RMB1,200,000,000) was guaranteed by the Company with a maturity of 3 years. Among the borrowings above, principal of RMB720,000,000 should be repaid on or before 31 December 2019, such amount was classified as long-term borrowings due within one year in financial statements.

(c) As at 31 December 2018, the borrowing principal due to Zhongjian Investment Trust amounted to RMB1,400,000,000 (31 December 2017: RMB1,500,000,000) was guaranteed by the Company with a maturity of 3 years. Among the borrowings above, principal of RMB300,000,000 should be repaid on or before 31 December 2019, such amount was classified as long-term borrowings due within one year in financial statements.

As at 31 December 2018, the range of annual interest rate for long-term payables is 5.40% to 6.50% (31 December 2017: 4.28% to 7.30%).



4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(33) Derivative financial instruments

	31 December 2018	31 December 2017
Derivative financial assets – Forward exchange contracts – cash flow hedges	262,202	–
Derivative financial liabilities – Cross currency interest rate swap – cash flow hedges	32,871	–
Forward exchange contracts – cash flow hedges	–	138,572

(34) Share capital

	31 December 2017	Changes in this year					31 December 2018
		Issue of shares	Allotment	Transferred from reserve	Others	Subtotal	
Non-outstanding shares – held by domestic legal entity	1,649,206	–	–	–	–	–	1,649,206
held by oversea legal entity	357,998	–	–	–	–	–	357,998
Outstanding shares – H share	1,020,756	–	–	–	–	–	1,020,756
Total	3,027,960	–	–	–	–	–	3,027,960

	31 December 2016	Changes in this year					31 December 2017
		Issue of shares	Allotment	Transferred from reserve	Others	Subtotal	
Non-outstanding shares – held by domestic legal entity	1,649,206	–	–	–	–	–	1,649,206
held by oversea legal entity	357,998	–	–	–	–	–	357,998
Outstanding shares – H share	1,020,756	–	–	–	–	–	1,020,756
Total	3,027,960	–	–	–	–	–	3,027,960

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)



4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(35) Capital reserve

	31 December 2017	Additions	Reductions	31 December 2018
Share premium (note 6(1)(b2)(i)) (note 15(4))	653,652	46,455	(230,177)	469,930

	31 December 2016	Additions	Reductions	31 December 2017
Share premium	716,380	–	(62,728)	653,652

(36) Other comprehensive income

	Other comprehensive income in balance sheet				Other comprehensive income in income statements for the year ended 31 December 2018					
	31 December 2017	Changes in accounting policies	1 January 2018	Attribute to owners of the Company after taxes	31 December 2018	Amount before taxes	Less: Transfer in profit or loss previously recognized in other comprehensive income	Less: Income taxes	Attribute to owners of the Company after taxes	Attribute to the non- controlling interests after taxes
Other comprehensive income cannot be reclassified into profit or loss thereafter	–	–	–	38,283	38,283	38,283	–	–	38,283	–
– Changes in fair value of other equity instrument investments	–	–	–	38,283	38,283	38,283	–	–	38,283	–
Other comprehensive income may be reclassified into profit or loss thereafter	413,159	(998)	412,161	(11,698)	400,463	96,825	(99,052)	(9,471)	(11,698)	–
– Share of other comprehensive loss in the investees can be reclassified into profit or loss at equity method	31,984	–	31,984	(31,984)	–	–	(31,984)	–	(31,984)	–
– Changes in fair value of investment properties transferred from inventories (a)	391,471	–	391,471	(49,520)	341,951	781	(67,068)	16,767	(49,520)	–
– Effective portion of gains or losses on hedging instruments in a cash flow hedge	(10,847)	(998)	(11,845)	78,713	66,868	104,951	–	(26,238)	78,713	–
– Currency translation differences	551	–	551	(8,907)	(8,356)	(8,907)	–	–	(8,907)	–
Total	413,159	(998)	412,161	26,585	438,746	135,108	(99,052)	(9,471)	26,585	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)



4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(36) Other comprehensive income (Continued)

- (a) In 2018, the Group sold some of the properties in inventories, of which fair value gains previously recognized in other comprehensive income amounted to RMB50,301,000 (2017: RMB7,0218,000) was accordingly transferred into profit or loss.

	Other comprehensive income in balance sheet			Other comprehensive income in income statements for the year ended 31 December 2017				
	31 December 2016	Attribute to owners of the Company after taxes	31 December 2017	Amount before taxes	Less: Transfer in profit or loss previously recognized in other comprehensive income	Less: Income taxes	Attribute to owners of the Company after taxes	Attribute to the non-controlling interests after taxes
Other comprehensive income cannot be reclassified into profit or loss thereafter	-	-	-	-	-	-	-	-
Other comprehensive income may be reclassified into profit or loss thereafter	370,407	42,752	413,159	150,476	(93,366)	(14,358)	42,752	-
- Share of other comprehensive income in the investees can be reclassified into profit or loss at equity method	31,984	-	31,984	-	-	-	-	-
- Changes in fair value of investments properties transferred from inventories	460,916	(69,445)	391,471	1,055	(93,649)	23,149	(69,445)	-
- Effective portion of gains or losses on hedging instruments in a cash flow hedge	(123,368)	112,521	(10,847)	149,745	283	(37,507)	112,521	-
- Currency translation differences	875	(324)	551	(324)	-	-	(324)	-
Total	370,407	42,752	413,159	150,476	(93,366)	(14,358)	42,752	-

(37) Surplus reserve

	31 December 2017	Additions	Other adjustments	Reductions	31 December 2018
Statutory surplus reserve	570,905	93,467	1,009	-	665,381

	31 December 2016	Additions	Other adjustments	Reductions	31 December 2017
Statutory surplus reserve	543,169	27,736	-	-	570,905

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)



4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(37) Surplus reserve *(Continued)*

In accordance with the PRC Company Law and the Company's Articles of Association and resolution of the board of directors, the Company should appropriate 10% of net profit of the year to the statutory surplus reserve, and the Company can cease appropriation when the statutory surplus reserve accumulated to more than 50% of the capital. The statutory surplus reserve can be used to make up for the loss or increase the paid in capital after approval from the appropriate authorities. The Company appropriate discretionary surplus reserve of RMB93,467,000 in 2018 (2017: RMB27,736,000).

The Company appropriates for the discretionary surplus reserve after the shareholders' meeting approves the proposal from the Board of Directors. The discretionary surplus reserve can be used to make up for the loss or increase the paid in capital after approval from the appropriate authorities. The Company did not appropriate discretionary surplus reserve in 2018 (2017: Nil).

(38) Retained earnings

	2018	2017
Retained earnings at the beginning of the year (before adjustments)	10,376,979	9,109,165
Adjustments – the new revenue standards	13,760	–
Adjustments – the new financial instrument standards	1,953	–
Retained earnings at the beginning of the year (after adjustments)	10,392,692	9,109,165
Add: profit attributable to owners of the Company	1,922,932	2,112,580
Less: appropriation of statutory surplus reserve	(93,467)	(27,736)
Dividends to common share (a)	(635,872)	(605,592)
Dividends to other equity instruments	(547,919)	(95,736)
Others	(1,009)	(115,702)
Retained earnings at the end of the year	11,037,357	10,376,979

(a) On the meeting of board of directors held on 26 February 2018, the directors proposed a final dividend of RMB0.21 per share to the shareholder, the total amount payable were RMB635,872,000 based on the Company's total issued number of shares which is 3,027,960,000. The dividend distribution plan was approved by shareholders on general meeting of shareholders held on 13 April 2018.

On the meeting of board of directors held on 8 March 2019, the directors proposed a final dividend of RMB0.22 per share to the shareholder, the total amount payable were RMB666,151,000 based on the Company's total issued number of shares which is 3,027,960,000. The dividend distribution plan will be approved by shareholders on general meeting of shareholders to be held on 23 April 2019.



4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(39) Revenue and cost of sales

	2018	2017
Revenue from main operations (a)	22,655,740	21,136,876
Revenue from other operations (b)	601,313	155,164
Total	23,257,053	21,292,040

	2018	2017
Cost of sales from main operations (a)	16,512,988	15,165,479
Cost of sales from other operations (b)	436,455	49,934
Total	16,949,443	15,215,413

(a) Revenue and cost of sales from main operations

	2018		2017	
	Revenue from main operations	Cost of sales from main operations	Revenue from main operations	Cost of sales from main operations
Sales of properties	19,220,319	14,376,723	17,850,954	14,184,431
Consulting services	14,528	–	26,078	–
Primary land development	2,902,844	2,080,835	2,906,146	971,456
Rental income of investment properties	518,049	55,430	353,698	9,592
Total	22,655,740	16,512,988	21,136,876	15,165,479

(b) Revenue and cost of sales from other operations

	2018		2017	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations	Cost of sales from other operations
Sales of investment properties	398,795	335,885	765	639
Temporary rental	43,701	–	44,365	378
Other operations	158,817	100,570	110,034	48,917
Total	601,313	436,455	155,164	49,934

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)



4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(40) Taxes and surcharges

	2018	2017	Standards
LAT	1,865,444	880,633	Note 3
Business tax	42,706	180,978	Note 3
Others	264,512	200,649	
Total	2,172,662	1,262,260	

(41) Expense by nature

Cost of sales, selling and distribution expenses and general and administrative expenses in income statements classified by nature are as follows:

	2018	2017
Costs of properties sold	14,222,059	14,012,002
Costs of primary land development	2,045,484	944,260
Costs of operation of investment properties	37,640	9,592
Costs of sales of investment properties	335,885	639
Wages, social security and welfare	796,589	706,371
Administrative office expenses	237,457	156,880
Depreciation and amortization	44,688	27,989
Travel and entertainment expenses	30,858	20,144
Auditor's service fee	13,825	15,676
– Audit service fee	9,811	10,425
– Capital market transaction and other non-audit services expenses	4,014	5,251
Other intermediary service fee	190,141	105,054
Marketing and commission fee	566,062	443,109
Others	107,548	73,070
Total	18,628,236	16,514,786

(42) Financial expenses

	2018	2017 (Restated)
Interest expense	4,460,152	3,335,385
Less: cost of capitalized interest	(1,889,267)	(2,007,868)
Interest expenses	2,570,885	1,327,517
Interest income	(285,730)	(152,569)
Exchange gain or loss	449,197	(137,419)
Others	134,890	59,727
Total	2,869,242	1,097,256

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)***(43) Asset impairment losses**

	2018	2017
Provision for impairment of goodwill	–	172,137
Provision for impairment of other receivables	–	80,000
Provision for impairment of inventories	–	5,469
Total	–	257,606

(44) Credit impairment losses

	2018	2017
Provision for impairment of other receivables (Note 4(6))	141,219	–

(45) Other income

	2018	2017	Assets/income related
Financial incentives of LAT	53,986	67,000	Income related
Return of withholding personal income tax	428	608	Income related
Government grants	–	121,516	Income related
Total	54,414	189,124	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)



4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(46) Investment income

	2018	2017 (Restated)
Share of net profit or loss of investees under equity method	513,780	99,637
Gains from disposal of subsidiaries (note 5(2))	999,423	13,123
Interest income earned during the period of ownership of debt investments	1,129,146	1,063,520
Income from adjustment of fair value of interests held under business combination achieved in stages	–	98,252
Gains from disposal of an associate (note 4(14)(b)(vi))	687,822	–
Income from disposal of trading financial assets	–	100,562
Losses on remeasurement of income distribution of Tiancheng Yongtai	(154,991)	–
Others	60,249	41,080
Total	3,235,429	1,416,174

(47) Gains on net exposure hedges

	2018	2017
Projects in Australia	7,199	–

(48) Gains/(losses) on changes in fair value

	2018	2017
Non-financial assets –		
Investment properties (Note 4(16))	321,519	273,983
Financial assets at fair value through profit or loss –		
Investment Funds operated by Capital Securities	502	418
H share current stock – Beijing Urban Construction Design & Development Group Co., Ltd.	–	(92,384)
Derivative financial liabilities		
Forward exchange contract	–	(8,795)
Trading financial liabilities		
Capped cross currency swap contract	147,895	(263,144)
Realization of fair value gains with sale of properties	(58,919)	(21,160)
Total	410,997	(111,082)

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)***(49) Gains on disposal of assets**

	2018	2017
Gains from government repurchase of land use rights	2,525	181,048
Gains/(Losses) from disposal of other non-current assets	3,789	(46)
Total	6,314	181,002

(50) Non-operating income

	2018	2017
Differences from investment cost of associates lower than the fair value of purchased share	-	850
Government grants	-	6,242
Default fine	11,136	3,211
Others	4,672	9,070
Total	15,808	19,373

(51) Non-operating expenses

	2018	2017
Default fine and delaying payment fine	11,964	4,086
Others	3,928	11,320
Total	15,892	15,406

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)



4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(52) Income tax expense

PRC income tax is computed according to the relevant laws and regulations in the PRC. In 2018, the applicable PRC income tax rate is 25% (2017: 25%).

According to the current tax law in Hong Kong, profit tax in Hong Kong is calculated by 16.5% of taxable profit. In 2018, the Group has no Hong Kong taxable profits.

Withholding income tax should be charged against income from taxable dividends of non-resident enterprises in mainland China and investments disposal in mainland China with the tax rate of 5% to 10% according to the relevant laws and regulations in the PRC.

The amount of taxation charged to the consolidated income statements represents:

	2018	2017
Current income tax based on tax law and related regulations	1,148,126	1,219,566
Deferred income tax	(405,252)	(177,046)
Total	742,874	1,042,520

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)***(52) Income tax expense** *(Continued)*

Reconciliations from income tax calculated based on the applicable tax rates and total profit presented in the consolidated financial statements to the income tax expenses are listed below:

	2018	2017
Total profit	3,159,963	3,839,317
Income tax expenses calculated at applicable tax rates (25%)	789,991	959,829
Impact of income tax at different tax rates	(105,022)	–
Tax differences of investees at different rates	–	833
Share of net profit of joint ventures and associates under equity method	(128,445)	(24,909)
Other loss/(profit) not subject to tax	20,384	(21,293)
Write-off of deferred income tax assets recognized in previous years	31,139	54,920
Profit from internal equity transfer transaction subject to tax	101,793	–
Distribution eligible for tax deduction	(194,700)	(104,516)
Utilisation of deductible temporary differences for which no deferred income tax asset was recognized in previous years	(577)	(7,849)
Deductible losses for which no deferred income tax asset was recognized	127,526	111,053
Impairment provision for which no deferred income tax asset was recognized	35,305	64,402
Expenses, costs and losses not deductible	65,480	10,050
Income tax expense	742,874	1,042,520

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)



4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(53) Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the consolidated net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares issued during the year:

	2018	2017
Consolidated net profit attributable to owners of the Company	1,922,932	2,112,580
Less: Distribution to other equity instruments	(547,919)	(95,736)
Consolidated net profit attributable to ordinary shareholders of the Company	1,375,013	2,016,844
Weighted average number of ordinary shares issued (in thousands)	3,027,960	3,027,960
Basic earnings per share (RMB yuan per share)	0.45	0.67
Including:		
– Basic earnings per share relating to continuing operations (RMB yuan per share)	0.45	0.67

- (b) The diluted earnings per share is calculated by dividing the net profit of the combined shares attributable to the shareholders of the parent company after the adjustment of the diluted potential common shares by the weighted average of the common shares issued by the company after the adjustment. In 2018 and 2017, there is no potential ordinary shares with dilution, so diluted earnings per share equals to basic earnings per share.



4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(54) Notes to the cash flow statements**(a) Cash received relating to other operating activities**

	2018	2017
Interest income from bank	285,730	152,569
Government grants and tax returns	54,414	68,726
Government repurchase of land use rights	149,938	131,284
Return from operations	21,459	100,863
Total	511,541	453,442

(b) Cash paid relating to other operating activities

	2018	2017
Prepayments for projects	551,593	-
Cash paid to operations	827,192	190,913
Administrative expenses	268,315	291,661
Marketing and promotion expenses	312,461	232,874
Sales commission and agency fees	457,567	330,965
Default fine and delaying payment fines	11,964	4,086
Service charges and others	134,890	13,618
Total	2,563,982	1,064,117

(c) Cash received relating to other investing activities

	2018	2017
Return of receivables from Tiancheng Yongtai	635,286	-
Cash received from cooperation projects	72,150	457,667
Principals and interests repaid from related parties	1,124,735	2,385,976
Returns of principals and interests from debt investments	229,236	642,271
Returns of performance guarantees paid for acquisition of TJ-Metro MTR	1,600,000	-
Returns of principal and interests of advance for primary land development	-	1,291
Others	2,750	268,282
Total	3,664,157	3,755,487

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)



4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(54) Notes to the cash flow statements *(Continued)*

(d) Cash paid relating to other investing activities

	2018	2017
Cash paid to related parties	9,723,903	4,406,855
Cash paid for cooperation projects	1,973,584	1,842,524
Cash paid for debt investments	351,976	1,159,564
Performance guarantees paid for acquisition of TJ-Metro MTR	–	1,600,000
Cash paid for primary land development	262,567	205,283
Total	12,312,030	9,214,226

(e) Cash received relating to other financing activities

	2018	2017
Cash received from related parties	1,364,625	2,787,825
Proceeds of other long-term borrowings received by subsidiaries	–	6,734,035
Cash returned from termination of deposit pledge	734,716	–
Others	7,000	414,500
Total	2,106,341	9,936,360

(f) Cash paid relating to financing activities

	2018	2017
Repayment of borrowings from transferring debt by subsidiaries	–	2,900,000
Principals and interests paid for borrowings from related parties	740,137	3,529,522
Cash paid to non-controlling interests for capital reduction	279,817	–
Others	176,882	900
Total	1,196,836	6,430,422

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)***(55) Supplemental information of cash flow statement****Reconciliation from net profit to cash flows from operating activities**

	2018	2017
Net profit	2,417,089	2,796,797
Add: Provisions for credit impairment	141,219	–
Provisions for asset impairment	–	257,606
Depreciation of fixed assets	23,224	19,879
Amortization of long-term prepaid expenses	27,502	30,957
Gains on disposal of fixed assets and other long-term assets	(67,759)	(69,762)
Interest expenses	3,020,082	1,190,099
(Gains)/losses of changes in fair value	(422,984)	89,922
Gains on net exposure hedge	(7,199)	–
Investment income	(3,235,429)	(1,416,174)
Differences from investment cost of joint ventures lower than the fair value of purchased share	–	(850)
Increase in deferred income tax assets	(529,403)	(306,868)
Increase/(Decrease) in deferred income tax liabilities	178,985	(3,763)
(Increase)/Decrease in inventories	(6,718,222)	4,044,223
(Increase)/Decrease in restricted cash	(124,772)	56,082
Decrease/(Increase) in operating receivables	4,583,675	(7,886,322)
(Decrease)/Increase in operating payables	(5,380,737)	5,651,963
Net cash flows (used in)/generated from operating activities	(6,094,729)	4,453,789

In 2018 and 2017, there were no significant investing and financing activities not relating to cash receipt and disbursement.

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FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)



4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(55) Supplemental information of cash flow statement *(Continued)*

(a) Change of cash and cash equivalent

	2018	2017
Cash at the end of the year	21,748,206	18,049,837
Less: cash at the beginning of the year	(18,049,837)	(16,558,753)
Increase of cash and cash equivalent	3,698,369	1,491,084

(b) Acquisition or disposal of subsidiaries

In 2018, the cash flow related to the acquisition or disposal of subsidiaries by the Group is shown in Note 5.

(c) Cash and cash equivalent

	31 December 2018	31 December 2017
Cash at bank and on hand (Note 4(1))	22,526,602	21,038,178
Less: restricted cash at bank and on hand restricted other cash balances	(721,005) (57,391)	(2,868,160) (120,181)
Cash and cash equivalent at year end	21,748,206	18,049,837

5. CHANGES OF CONSOLIDATION SCOPE

(1) Business combinations involving enterprises not under common control

(a) The business combinations involving enterprises other than common control in 2018 is as follows:

Acquiree	Acquisition date	Acquisition cost	Equity interest acquired	Acquisition method	Combination date	The determination basis of acquisition date	Revenue from combination date to end of the year	Loss from combination date to end of the year	Operating cash flow from combination date to end of the year	Net cash flow from combination date to end of the year
Ruiyuan Tianxin and Chengdu Ruihua (i)	December 2018	20,000	100%	Acquisition of equity interests	December 2018	Completion date of acquisition	-	-	-	-
CUC Elite (ii)	October 2018	29,520	70%	Capital injection	October 2018	Capital injection date	2,532	4,624	(10,165)	(21,278)

- (i) In December 2018, the Group entered into partnership agreement with Zhuhai Hengqin Chuangyuan Huijin Investment Management Co., Ltd (the general partner of Ruiyuan Tianxin, hereinafter “Chuangyuan Huijin”) and Beijing Chuangyuanhui Capital Management Co., Ltd. (the priority limited partner of Ruiyuan Tianxin, hereinafter “Chuangyuanhui”). The Group becomes the secondary limited partner of Ruiyuan Tianxin with capital injection of RMB20,000,000. The parties agreed that Chuangyuan Huijin, as the executive partner, must obtain the written authorization of the Group before it make any decisions relevant to business activities of Ruiyuan Tianxin from the date of combination. Ruiyuan Tianxin holds 100% equity interests of Chengdu Ruihua, whose main operation is real estate development. After the completion of the transaction, the Group has control over Ruiyuan Tianxin and Chengdu Ruihua. Therefore, they are recognized as subsidiaries, and this transaction was recognized as business combination.
- (ii) In October 2018, the Group acquired 70% equity interest in CUC Elite through capital injection of RMB29,520,000, and it is recognized as a subsidiary of the Group. The net assets attributable to the group at the combination date are RMB29,520,000.

(2) Disposal of a subsidiary

(a) The information of disposal of a subsidiary in 2018 is as follows:

Name	Proceeds from disposal	Equity interest disposed	Disposal method	Date of loss of control	The determination basis of loss of control date	Difference between proceeds and net asset of the subsidiaries held by the Group on consolidated balance sheet	Gains from the revaluation of the remaining 49% equity interests
Kaiyuan Hean	598,158	51%	Equity interest transfer	December 2018	Date of equity transfer	550,732	448,691

As at 31 December 2018, the Group disposed 51% equity interests of Kaiyuan Hean. The equity interests of Kaiyuan Hean of the Group was reduced to 49%, the Group had significant influence on the board of directors of Kaiyuan Hean, it was accounted for as an associate.

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5. CHANGES OF CONSOLIDATION SCOPE *(Continued)*

(2) Disposal of subsidiaries *(Continued)*

(b) Disposal gains and losses are as follow:

(i) *Kaiyuan Hean*

Disposal gain are calculated as follow:

	Amount
Proceeds from disposal	598,158
Less: Share of net assets of Kaiyuan Hean at the level of consolidated financial statements	(47,426)
	550,732
Gains from the revaluation of the remaining 49% equity interests	448,691
	999,423
Receivables from disposal and relevant cash flow are listed as follow:	
Receivables from disposal	1,785,581
Including: Consideration for equity transfer	598,158
Consideration for debt transfer	1,187,423
Cash received from disposal	948,158
Less: Cash hold by Kaiyuan Hean	(13,355)
	934,803

(3) Changes of consolidation scope due to other reasons

In January 2018, the Group set up a wholly-owned subsidiary, Hangzhou Linchuang, by capital injection.

In January 2018, the Group set up a wholly-owned subsidiary, Shouzhi Culture, by capital injection.

In February 2018, the Group set up a wholly-owned subsidiary, Tailongxiang, by capital injection.

In February 2018, the Group set up a wholly-owned subsidiary, Prime Golden Capital, by capital injection.



5. CHANGES OF CONSOLIDATION SCOPE *(Continued)*

(3) Changes of consolidation scope due to other reasons *(Continued)*

In March 2018, the Group acquired 51% equity interests of TJ-Metro MTR which is a joint venture before the transaction. After the transaction, the Group holds 100% equity interests of TJ-Metro MTR, therefore it is recognized as a wholly-owned subsidiary of the Group.

In April 2018, the Group set up a subsidiary, Trade Horizon, by capital injection.

In May 2018, the Group set up a subsidiary, Qingdao Outlets, by capital injection.

In May 2018, the Group set up a wholly-owned subsidiary, Chongqing Shouhao, by capital injection.

In June 2018, the Group set up a wholly-owned subsidiary, Capital Qianyuan, by capital injection.

In June 2018, the Group set up a wholly-owned subsidiary, Shoujin Innovation, by capital injection.

In July 2018, the Group set up a wholly-owned subsidiary, Nanning Outlets, by capital injection.

In July 2018, the Group set up a wholly-owned subsidiary, Zhangjiakou Ruiyuan, by capital injection.

In August 2018, the Group set up a wholly-owned subsidiary, Shanghai Shouyue, by capital injection.

In August 2018, the Group set up a wholly-owned subsidiary, Shanghai Shoudi, by capital injection.

In August 2018, the Group set up a wholly-owned subsidiary, Qingdao Canghai Weiye, by capital injection.

In August 2018, the Group set up a wholly-owned subsidiary, Chengdu Huafu, by capital injection.

In August 2018, the Group set up a wholly-owned subsidiary, Foshan Shoulang, by capital injection.

In September 2018, the Group set up a wholly-owned subsidiary, Shoujin Xinchuang, by capital injection.

In October 2018, the Group set up a wholly-owned subsidiary, Shoujin Jichuang, by capital injection.

In October 2018, the Group set up a wholly-owned subsidiary, Shoujin Ruichuang, by capital injection.

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6. EQUITY INTERESTS IN OTHER ENTITIES

(1) Equity interests in subsidiaries

(a) Component of the Company

Name	Type of legal entity	Place of main operation	Place of registration	Nature of business	Interests held		Mode of acquisition
					Direct (%)	Indirect (%)	
Central Plaza	Limited liability company	B.V.I	B.V.I	Investment holding	100	–	Injected by sponsor
IFC	Limited liability company	B.V.I	B.V.I	Investment holding	100	–	Injected by sponsor
S.C. Real Estate Development Co., Ltd. ("S.C.")	Limited liability company	Beijing	Beijing	Property development and sales	100	–	Business combination
Beijing Anhua Shiji Real Estate Development Co., Ltd. ("Anhua Shiji")	Limited liability company	Beijing	Beijing	Property development and sales	55	45	Business combination
Tianjin Banshan Renjia Real Estate Co., Ltd.	Limited liability company	Tianjin	Tianjin	Property development and sales	–	100	Business combination
Beijing Sunshine City Real Estate Development Co., Ltd. ("Sunshine City")	Limited liability company	Beijing	Beijing	Property development and sales	50	50	Business combination
Chongqing Capital Xinshi Real Estate Development Co., Ltd.	Limited liability company	Chongqing	Chongqing	Property development and sales	–	100	Business combination
Beijing Xinbocheng Real Estate Development Co., Ltd.	Limited liability company	Beijing	Beijing	Property development and sales	–	100	Business combination
Qingdao Yangguang Binhai Properties Co., Ltd.	Limited liability company	Qingdao	Qingdao	Property development and sales	–	100	Business combination
Qingdao Qianqianshu Investment Properties Co., Ltd.	Limited liability company	Qingdao	Qingdao	Property development and sales	–	100	Business combination
Yantai Yangguang Lidu Real Estate Development Co., Ltd.	Limited liability company	Yantai	Yantai	Property development and sales	–	100	Business combination
Yantai Yangguang Lizhen Real Estate Development Co., Ltd.	Limited liability company	Yantai	Yantai	Property development and sales	–	100	Business combination
Yantai Yangguang Xinye Real Estate Development Co., Ltd.	Limited liability company	Yantai	Yantai	Property development and sales	–	100	Business combination
Zhejiang Outlets Property Real Estate Co., Ltd.	Limited liability company	Huzhou	Huzhou	Property development and operation	–	72.9	Business combination
Tianjin Eco City Jiaming Ronghe Development Co., Ltd. ("Tianjin Jiaming")	Limited liability company	Tianjin	Tianjin	Property development and sales	100	–	Business combination
Capital Grand	Limited liability company	Cayman Islands	Cayman Islands	Investment holding	–	72.9	Business combination
Xi'an Capital Xinkai Real Estate Co., Ltd.	Limited liability company	Xi'an	Xian	Property development and sales	–	72.9	Business combination
Huzhou Capital Rongcheng Real Estate Co., Ltd.	Limited liability company	Huzhou	Huzhou	Property development and sales	–	55	Business combination
Beijing Xingtai Jicheng Real Estate Co., Ltd.	Limited liability company	Beijing	Beijing	Property development and sales	–	100	Business combination
Beijing Yongyuan Jintai Investment Management Co., Ltd. ("Yongyuan Jintai")	Limited liability company	Beijing	Beijing	Investment Management	100	–	Business combination
Liujin Real Estate	Limited liability company	Beijing	Beijing	Property development and sales	–	100	Business combination
Donghuan Xinrong Investment and Management Co., Ltd. ("Donghuan Xinrong")	Limited liability company	Beijing	Beijing	Property leasing	100	–	Business combination
Zhuhai Hengqin Capital Real Estate Eco Village Equity Investment Fund (Limited Partnership)	Limited liability company	Zhuhai	Zhuhai	Investment Management	–	96.39	Business combination
Chongqing Shouyong Real Estate Co., Ltd.	Limited liability company	Chongqing	Chongqing	Property development and sales	–	96.39	Business combination
Shenyang Haohua Real Estate Co., Ltd.	Limited liability company	Shenyang	Shenyang	Property development and sales	–	100	Business combination

6. EQUITY INTERESTS IN OTHER ENTITIES (Continued)

(1) Equity interests in subsidiaries (Continued)

(a) Component of the Company (Continued)

Name	Type of legal entity	Place of main operation	Place of registration	Nature of business	Interests held		Mode of acquisition
					Direct (%)	Indirect (%)	
Chengdu Ruihua	Limited liability company	Chengdu	Chengdu	Property development and sales	-	100	Business combination
Beijing Tongchuang Jinlong Real Estate Co., Ltd. ("Tongchuang Jinlong") (i)	Limited liability company	Beijing	Beijing	Property development and sales	-	25	Business combination
Beijing Shangboya Investment Consultant Co., Ltd. ("Shangboya")	Limited liability company	Beijing	Beijing	Investment Management	100	-	Capital injection
Chengdu Capital Xinzi Real Estate Development Ltd	Limited liability company	Chengdu	Chengdu	Property development and sales	-	100	Capital injection
Jiangsu Capital Real Estate Development Ltd. ("Jiangsu Capital")	Limited liability company	Wuxi	Wuxi	Property development and sales	60	40	Capital injection
Beijing Capital Land Chengdu Co., Ltd. ("Capital Chengdu")	Limited liability company	Chengdu	Chengdu	Property development and sales	100	-	Capital injection
Chengdu Capital Yidu Real Estate Development Co., Ltd. ("Chengdu Yidu")	Limited liability company	Chengdu	Chengdu	Property development and sales	-	55	Capital injection
Tianjin Capital Xinyuan Real Estate Development Co., Ltd. ("Tianjin Xinyuan")	Limited liability company	Tianjin	Tianjin	Property development and sales	-	55	Capital injection
Tianjin Capital Xingang Real Estate Development Co., Ltd. ("Tianjin Xingang")	Limited liability company	Tianjin	Tianjin	Property development and sales	-	55	Capital injection
Wuxi Capital Xindong Real Estate Development Co., Ltd. ("Wuxi Xindong")	Limited liability company	Wuxi	Wuxi	Property development and sales	100	-	Capital injection
Beijing Chuangxin Jianye Real Estate Investment Ltd.	Limited liability company	Beijing	Beijing	Investment Management	-	72.9	Capital injection
Jingjin Tongcheng	Limited liability company	Tianjin	Tianjin	Property development	-	90	Capital injection
Beijing Capital Outlets Property Investment Fang Shan Ltd.	Limited liability company	Beijing	Beijing	Property development, operation and management	-	72.9	Capital injection
Beijing Capital Zhongbei Infrastructure Investment Co., Ltd.	Limited liability company	Beijing	Beijing	Property development	-	100	Capital injection
BECL Investment Holding Ltd. ("BECL")	Limited liability company	Hong Kong	Hong Kong	Investment Management	100	-	Capital injection
Beijing Anshunyu Real Estate Development Co., Ltd.	Limited liability company	Beijing	Beijing	Property development and sales	-	95	Capital injection
Zhenjiang Xianji Real Estate Development Co., Ltd.	Limited liability company	Zhenjiang	Zhenjiang	Property development and sales	-	100	Capital injection
Zhejiang Hualong Real Estate Development Co., Ltd.	Limited liability company	Huzhou	Huzhou	Property development and sales	-	100	Capital injection
Beijing Ruiyuanfengji Real Estate Development Co., Ltd. ("Ruiyuan Fengji")	Limited liability company	Beijing	Beijing	Property development and sales	100	-	Capital injection
Capital Tianshun Infrastructure Investment Co., Ltd.	Limited liability company	Beijing	Beijing	Property development	-	100	Capital injection
Hainan Outlets Real Estate Development Co., Ltd.	Limited liability company	Wanning	Wanning	Property development and sales	-	55	Capital injection
Jiangyin Yuyue Real Estate Development Co., Ltd.	Limited liability company	Jiangyin	Jiangyin	Property development and sales	-	100	Capital injection
Qingdao Xinli Weiye Real Estate Development Co., Ltd.	Limited liability company	Qingdao	Qingdao	Property development and sales	-	100	Capital injection

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FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

6. EQUITY INTERESTS IN OTHER ENTITIES *(Continued)*

(1) Equity interests in subsidiaries *(Continued)*

(a) Component of the Company *(Continued)*

Name	Type of legal entity	Place of main operation	Place of registration	Nature of business	Interests held		Mode of acquisition
					Direct (%)	Indirect (%)	
Hainan Outlets Tourism Development Co., Ltd. ("Hainan Outlets Tourism")	Limited liability company	Wanning	Wanning	Property development, operation and management	-	55	Capital injection
Capital Outlets (Kunshan) Real Estate Development Co., Ltd.	Limited liability company	Kunshan	Kunshan	Property development and sales	-	100	Capital injection
Shenyang Capital Xinyun Real Estate Co., Ltd.	Limited liability company	Shenyang	Shenyang	Property development and sales	-	100	Capital injection
SAS Datang Weiye Holdings	Limited liability company	France	France	Real estate business and others	-	100	Capital injection
Hainan Capital Outlets Real Estate Co., Ltd.	Limited liability company	Wanning	Wanning	Property development and sales	-	100	Capital injection
Beijing Jinrui Wealth Investment Management Co., Ltd.	Limited liability company	Beijing	Beijing	Investment Management	-	100	Capital injection
Capital Dongxing (Kunshan) Real estate Development Co., Ltd.	Limited liability company	Kunshan	Kunshan	Property development and sales	-	100	Capital injection
Tianjin Tongcheng Real Estate Co., Ltd.	Limited liability company	Tianjin	Tianjin	Property development and sales	-	100	Capital injection
Beijing Zhongzhi Dingfu Real Estate Co., Ltd. ("Zhongzhidingfu")	Limited liability company	Beijing	Beijing	Investment Management	100	-	Capital injection
Beijing Tiancheng Yongyuan Investment Management Co., Ltd. ("Tiancheng Yongyuan")	Limited liability company	Beijing	Beijing	Property development and sales	50	-	Capital injection
Tianjin Xingtai Jixin Real Estate Co., Ltd.	Limited liability company	Tianjin	Tianjin	Property development and sales	-	100	Capital injection
Beijing Chuangrui Xiangnan Real Estate Co., Ltd.	Limited liability company	Beijing	Beijing	Property development and sales	-	100	Capital injection
Shanghai Songchuang Real Estate Co., Ltd.	Limited liability company	Shanghai	Shanghai	Property development and sales	-	100	Capital injection
Beijing Yikaiyou Real Estate Co., Ltd.	Limited liability company	Beijing	Beijing	Property development and sales	-	100	Capital injection
Shanghai Capital Zhengheng Real Estate Co., Ltd. ("Shanghai Zhengheng")	Limited liability company	Shanghai	Shanghai	Investment management	100	-	Capital injection
Beijing Guijiamao Real Estate Co., Ltd.	Limited liability company	Beijing	Beijing	Property development and sales	-	100	Capital injection
Xingtai Jihong	Limited liability company	Tianjin	Tianjin	Property development and sales	-	100	Capital injection
Beijing Lianchuang Shengye Real Estate Development Co., Ltd.	Limited liability company	Beijing	Beijing	Property development and sales	-	100	Capital injection
Chengdu Capital Zhenghua Real Estate Co., Ltd.	Limited liability company	Chengdu	Chengdu	Property development and sales	-	100	Capital injection
Beijing Xujia Real Estate Co., Ltd.	Limited liability company	Beijing	Beijing	Property development and sales	-	100	Capital injection
Tianjin Xingtai Jisheng Real Estate Co., Ltd.	Limited liability company	Tianjin	Tianjin	Property development and sales	-	100	Capital injection
Tianjin Hongtai Weiye Real Estate Co., Ltd.	Limited liability company	Tianjin	Tianjin	Property development and sales	-	100	Capital injection



6. EQUITY INTERESTS IN OTHER ENTITIES *(Continued)*

(1) Equity interests in subsidiaries *(Continued)*

(a) Component of the Company *(Continued)*

Name	Type of legal entity	Place of main operation	Place of registration	Nature of business	Interests held		Mode of acquisition
					Direct (%)	Indirect (%)	
Shanghai Shouqing Real Estate Co., Ltd.	Limited liability company	Shanghai	Shanghai	Property development and sales	-	100	Capital injection
Shanghai Shoupu Real Estate Co., Ltd.	Limited liability company	Shanghai	Shanghai	Property development and sales	-	100	Capital injection
Beijing Tianzhiying Real Estate Co., Ltd.	Limited liability company	Beijing	Beijing	Property development and sales	-	100	Capital injection
Beijing Jinyifeng Real Estate Co., Ltd.	Limited liability company	Beijing	Beijing	Property development and sales	-	100	Capital injection
Beijing Baochitong Real Estate Co., Ltd.	Limited liability company	Beijing	Beijing	Property development and sales	-	100	Capital injection
Shanghai Shouhu Investment Co., Ltd.	Limited liability company	Shanghai	Shanghai	Property development and sales	-	100	Capital injection
Shanghai Shouyang Investment Co., Ltd.	Limited liability company	Shanghai	Shanghai	Property development and sales	-	100	Capital injection
Hangzhou Capital Outlets Real Estate Co., Ltd.	Limited liability company	Hangzhou	Hangzhou	Property development, operation and management	-	72.9	Capital injection
Jiangxi Capital Outlets Real Estate Co., Ltd.	Limited liability company	Nanchang	Nanchang	Property development, operation and management	-	72.9	Capital injection
Wuhan Capital Juda Outlets Business Management Co., Ltd.	Limited liability company	Wuhan	Wuhan	Property development, operation and management	-	72.2	Capital injection
Xi'an Shouju Commercial Development and Management Co., Ltd.	Limited liability company	Xi'an	Xi'an	Property development, operation and management	-	72.9	Capital injection
Zhengzhou Juxin Outlets Industrial Co., Ltd.	Limited liability company	Zhengzhou	Zhengzhou	Property development, operation and management	-	72.9	Capital injection
Juyuan Xincheng (Tianjin) Investment Management Co., Ltd. ("Juyuan Xincheng Investment")	Limited liability company	Tianjin	Tianjin	Management and consulting	100	-	Capital injection
Juyuan Xincheng (Tianjin) Trading Co., Ltd.	Limited liability company	Tianjin	Tianjin	Wholesale and retail	-	100	Capital injection
Beijing Yongyuanxing Real Estate Co., Ltd.	Limited liability company	Beijing	Beijing	Property development and sales	-	100	Capital injection
Shanghai Yujing Real Estate Development Co., Ltd. ("Shanghai Yujing")	Limited liability company	Shanghai	Shanghai	Property development and sales	-	51	Capital injection
Shanghai Xuanxi Real Estate Development Co., Ltd.	Limited liability company	Shanghai	Shanghai	Property development and sales	-	51	Capital injection
Beijing Youda Real Estate Co., Ltd.	Limited liability company	Beijing	Beijing	Property development	-	70	Capital injection
Shanghai Shoujing Investment Co., Ltd.	Limited liability company	Shanghai	Shanghai	Property development and sales	-	100	Capital injection
Jinan Shouju Real Estate Co., Ltd.	Limited liability company	Jinan	Jinan	Property development, operation and management	-	72.9	Capital injection

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6. EQUITY INTERESTS IN OTHER ENTITIES *(Continued)*

(1) Equity interests in subsidiaries *(Continued)*

(a) Component of the Company *(Continued)*

Name	Type of legal entity	Place of main operation	Place of registration	Nature of business	Interests held		Mode of acquisition
					Direct (%)	Indirect (%)	
Hefei Chuangju Outlets Commercial Management Co., Ltd.	Limited liability company	Hefei	Hefei	Property development, operation and management	-	72.9	Capital injection
Beijing Xiangneng Real Estate Co., Ltd. ("Beijing Xiangneng")	Limited liability company	Beijing	Beijing	Property development	100	-	Capital injection
Chongqing Shouju Outlets Real Estate Co., Ltd.	Limited liability company	Chongqing	Chongqing	Property development, operation and management	-	72.9	Capital injection
Kunming Capital Outlets Commercial Management Co., Ltd. ("Kunming Outlets")	Limited liability company	Kunming	Kunming	Property development, operation and management	-	62.0	Capital injection
Shanghai Lingyu	Limited liability company	Shanghai	Shanghai	Property development and sales	-	100	Capital injection
Shanghai Shoudian Real Estate Co., Ltd. ("Shanghai Shoudian")	Limited liability company	Shanghai	Shanghai	Property development and sales	-	100	Capital injection
Juyuan Xincheng (Tianjin) Commercial Management LLP.	Limited liability company	Tianjin	Tianjin	Management and consulting	-	100	Capital injection
Shenzhen Shoulong Real Estate Development Co., Ltd.	Limited liability company	Shenzhen	Shenzhen	Property development and sales	-	100	Capital injection
Tianjin Xingtai Jichang Real Estate Co., Ltd.	Limited liability company	Tianjin	Tianjin	Property development and sales	-	100	Capital injection
Tailongxiang	Limited liability company	Beijing	Beijing	Property development and sales	-	100	Capital injection
TJ-Metro MTR	Limited liability company	Tianjin	Tianjin	Property development and sales	-	100	Capital injection
Hangzhou Linchuang	Limited liability company	Hangzhou	Hangzhou	Property development and sales	-	100	Capital injection
Chongqing Shouhao	Limited liability company	Chongqing	Chongqing	Property development and sales	-	100	Capital injection
Qingdao Outlets	Limited liability company	Qingdao	Qingdao	Property development, operation and management	-	72.9	Capital injection
Shouzhi Culture	Limited liability company	Beijing	Beijing	Radio and television program production and film production and distribution	100	-	Capital injection
Trade Horizon	Limited liability company	Hong Kong	B.V.I	Investment management	-	100	Capital injection
Capital Qianyuan	Limited liability company	Beijing	Beijing	Broadcasting and television program production and film production and distribution	-	100	Capital injection
Shanghai Shouyue	Limited liability company	Shanghai	Shanghai	Property development and sales	-	100	Capital injection
Shanghai Shoudi	Limited liability company	Shanghai	Shanghai	Property development and sales	-	100	Capital injection
Prime Golden Capital	Limited liability company	Tianjin	Tianjin	Investment management	100	-	Capital injection
Shoujin Innovation	Limited liability company	Beijing	Beijing	Investment management	-	100	Capital injection



6. EQUITY INTERESTS IN OTHER ENTITIES *(Continued)*

(1) Equity interests in subsidiaries *(Continued)*

(a) Component of the Company *(Continued)*

Name	Type of legal entity	Place of main operation	Place of registration	Nature of business	Interests held		Mode of acquisition
					Direct (%)	Indirect (%)	
Shoujin Xinchuang	Limited liability company	Tianjin	Tianjin	Property development and sales	-	100	Capital injection
Shoujin Jichuang	Limited liability company	Tianjin	Tianjin	Property development and sales	-	100	Capital injection
Shoujin Ruichuang	Limited liability company	Tianjin	Tianjin	Property development and sales	-	100	Capital injection
Qingdao Canghai Weiye	Limited liability company	Qingdao	Qingdao	Property development and sales	-	100	Capital injection
Chengdu Huafu	Limited liability company	Chengdu	Chengdu	Property development and sales	-	100	Capital injection
Nanning Outlets	Limited liability company	Nanning	Nanning	Property development, operation and management	-	72.9	Capital injection
Foshan Shoulang	Limited liability company	Foshan	Foshan	Property development and sales	-	100	Capital injection
Zhangjiakou Ruiyuan	Limited liability company	Zhangjiakou	Zhangjiakou	Property development	-	92	Capital injection
Capital Jiaming New Town Investment and Development Co.,Ltd. ("Capital Jiaming")	Limited liability company	Beijing	Beijing	Project investment and real estate development	-	70	Capital injection
Tianjin Xingtai Jucheng Real Estate Co., Ltd. ("Xingtai Jucheng") (ii)	Limited liability company	Tianjin	Tianjin	Property development and sales	-	20	Capital injection

- (i) The Group holds 25% equity in Tongchuang Jinlong and 57% voting rights in the board of directors. According to the articles of association, the decisions of relevant operation activities of Tongchuang Jinlong shall be effected by the voting of more than one half of the directors of the board of directors. The Group has control over Tongchuang Jinlong, therefore it is recognized as a subsidiary.
- (ii) The Group held 100% equity in Xingtai Jucheng and the new shareholder increased capital by amount of RMB507,150,000 this year. The equity held by the group was diluted to 20%, but the group held 56% voting rights in the board of directors. According to the articles of association, the decisions of relevant operation activities of Xingtai Jucheng shall be effected by the voting of more than one half of the directors of the board of directors. The Group has control over Xingtai Jucheng, therefore it is recognized as a subsidiary.

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6. EQUITY INTERESTS IN OTHER ENTITIES *(Continued)*

(1) Equity interests in subsidiaries *(Continued)*

(b) Subsidiaries with significant non-controlling interests

(b1) Non-controlling interests from common equity interests

Name	Equity interests portion held by non-controlling interests (%)	Loss/(profit) attributable to non-controlling interests in 2018	Dividends distributed to non-controlling interests in 2018	Non-controlling interests as at 31 December 2018
Tianjin Xinyuan	45	5,765	–	274,601
Tianjin Xingang	45	1,406	–	54,974
Chengdu Yidu Tiancheng	45	(19,771)	–	175,038
Yongyuan	50	(66,807)	–	1,549,266
Shanghai Yujing Jingjin	49	(9,114)	–	963,683
Tongcheng	10	46,942	23,900	120,754
Capital Jiaming Tongchuang	30	(353)	–	150,406
Jinlong	75	33,524	–	297,211
Xingtai Jucheng	80	131,009	–	638,159
Total		122,601	23,900	4,224,092

FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)



6. EQUITY INTERESTS IN OTHER ENTITIES (Continued)

(1) Equity interests in subsidiaries (Continued)

(b) Subsidiaries with significant non-controlling interests (Continued)

(b1) Non-controlling interests from common equity interests (Continued)

The financial information of partly-owned subsidiaries above are as follows:

	Financial information as at 31 December 2018					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Tianjin Xinyuan	757,572	52,009	809,581	199,357	–	199,357
Tianjin Xingang	1,407,085	5	1,407,090	1,284,926	–	1,284,926
Chengdu Yidu	522,028	2	522,030	133,057	–	133,057
Tiancheng						
Yongyuan	1,146,170	4,072,857	5,219,027	505,729	1,614,766	2,120,495
Shanghai Yujing	6,392,424	11,203	6,403,627	2,605,926	1,831,000	4,436,926
Jingjin						
Tongcheng	4,110,743	8,405	4,119,148	2,911,611	–	2,911,611
Shouchuang						
Jiaming	1,236,262	3,856	1,240,118	730,723	8,042	738,765
Tongchuang						
Jinlong	856,439	71	856,510	454,865	5,364	460,229
Xingtai Jucheng	3,045,035	50	3,045,085	2,247,386	–	2,247,386

	Financial information as at 31 December 2017					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Tianjin Xinyuan	994,694	17	994,711	397,299	–	397,299
Tianjin Xingang	438,305	5	438,310	97,443	–	97,443
Chengdu Yidu	1,039,386	3	1,039,389	206,518	–	206,518
Tiancheng						
Yongyuan	802,524	4,958,415	5,760,939	310,240	2,218,554	2,528,794
Shanghai Yujing	5,933,062	4,961	5,938,023	2,852,722	1,100,000	3,952,722
Jingjin						
Tongcheng	2,045,472	269,244	2,314,716	1,348,479	–	1,348,479
Shouchuang						
Jiaming	1,976,939	7,199	1,984,138	1,473,565	8,042	1,481,607
Tongchuang						
Jinlong	1,095,250	118	1,095,368	736,078	7,708	743,786
Xingtai Jucheng	NA	NA	NA	NA	NA	NA

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FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

6. EQUITY INTERESTS IN OTHER ENTITIES *(Continued)*

(1) Equity interests in subsidiaries *(Continued)*

(b) Subsidiaries with significant non-controlling interests *(Continued)*

(b1) Non-controlling interests from common equity interests *(Continued)*

	Financial information for 2018			Cash flows from operating activities
	Revenue	Net profit/(loss)	Total comprehensive income/(loss)	
Tianjin Xinyuan	256,638	12,812	12,812	(78,946)
Tianjin Xingang	2,177	3,125	3,125	(40,229)
Chengdu Yidu	178,443	(43,935)	(43,935)	100,916
Tiancheng Yongyuan	1,196,382	(133,613)	(133,613)	945,575
Shanghai Yujing	–	(18,601)	(18,601)	(297,189)
Jingjin Tongcheng	875,983	469,417	469,417	(1,071,363)
Shouchuang Jiaming	152,659	(1,178)	(1,178)	755,181
Tongchuang Jinlong	239,999	44,699	44,699	(151,685)
Xingtai Jucheng	746,869	163,761	163,761	(539,467)

	Financial information for 2017			Cash flows from operating activities
	Revenue	Net (loss)/profit	Total comprehensive (loss)/income	
Tianjin Xinyuan	174,962	(9,790)	(9,790)	162,577
Tianjin Xingang	23,200	(76,271)	(76,271)	(42,206)
Chengdu Yidu	185,145	(73,965)	(73,965)	203,540
Tiancheng Yongyuan	–	39,003	39,003	(482,433)
Shanghai Yujing	–	(7,927)	(7,927)	(715,924)
Jingjin Tongcheng	2,079,522	1,396,171	1,396,171	151,728
Shouchuang Jiaming	1,872,468	(1,115)	(1,115)	(50,875)
Tongchuang Jinlong	1,231,621	(82,086)	(82,086)	593,244
Xingtai Jucheng	NA	NA	NA	NA

6. EQUITY INTERESTS IN OTHER ENTITIES *(Continued)*(1) Equity interests in subsidiaries *(Continued)*(b) Subsidiaries with significant non-controlling interests *(Continued)**(b2) Equity instruments issued by subsidiaries of the Group*

	Profit attributed to non- controlling interests in 2018	Dividends distributed to non- controlling interests in 2018	Non- controlling interests as at 31 December 2018
Senior perpetual securities issued by subsidiaries (i)	267,953	211,941	2,628,899
Perpetual convertible bond securities issued by subsidiaries (ii)	93	–	945,382
Total	268,046	211,941	3,574,281

- (i) As at 31 December 2018, Central Plaza had issued senior perpetual securities amounted to USD850,000,000. The securities were guaranteed by certain subsidiaries of the Group. Pursuant to the terms of perpetual securities, the Group has no contractual obligation to repay its principal or to pay any distribution. The perpetual securities do not meet the definition of financial liabilities and are classified as non-controlling interests by the Group. Subsequent distribution declared will be treated as profit distribution to non-controlling interests.

As the issuer, Central Plaza may defer distribution without any frequency limitations only if Central Plaza or the Company do not declare or pay dividends. Including:

In April 2013, Central Plaza issued senior perpetual securities amounted to USD400,000,000, equivalent to RMB2,506,000,000, at a distribution rate of 8.375% per annum. In April 2018, Central Plaza repaid the senior perpetual securities and deducted capital reserve amounted to RMB176,056,000 (Note 4(35)).

In November 2014, Central Plaza issued Senior Perpetual Securities amounted to USD450,000,000, equivalent to RMB2,759,625,000, at a distribution rate of 7.125% per annum under the Medium Term Note and Perpetual Securities Program. After deducting relevant issuance costs, the Group received RMB2,728,222,000 and recognized non-controlling interests amounted to RMB2,628,899,000 after deducting the inevitable dividend payable in the foreseeable future.

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FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

6. EQUITY INTERESTS IN OTHER ENTITIES *(Continued)*

(1) Equity interests in subsidiaries *(Continued)*

(b) Subsidiaries with significant non-controlling interests *(Continued)*

(b2) Equity instruments issued by subsidiaries of the Group (Continued)

- (ii) In November 2016, Capital Grand entered into a subscription agreement with a fully-owned subsidiary of Sino-Ocean Group Holding Limited (hereinafter "Sino-Ocean") and KKR CG Judo Outlets (hereinafter "KKR") to issue 95,192,308 ordinary shares to Sino-Ocean and KKR respectively. Meanwhile, Capital Grand issued perpetual convertible bonds securities (the "PCBS") in the principal amounts of HKD657,594,260 to Sino-Ocean and in the principal amounts of HKD420,096,153 to KKR.

The Group has no contractual obligation to repay the principal or pay any assigned interests, and the instrument will or may not be settled in a variable number of equity instruments. Therefore, the PCBS does not comply with the definition of financial liabilities. The principal deducted by issuance cost amounted to RMB945,197,000 was recognized as non-controlling interests in the consolidated financial statements. Subsequent distribution declared will be treated as profit distribution to non-controlling interests.

In 2018, profit attributed to non-controlling interests amounted to RMB93,000 (2017: RMB92,000).

(2) Equity interests in joint ventures and associates

(a) Basic information of significant Joint ventures and Associates

	Place of main operation	Place of registration	Nature of business	Strategic to the Group's operation	Interests held Direct (%)	Indirect (%)
Joint ventures –						
Shenyang Jitian	Shenyang	Shenyang	Property development and sales	Yes	–	50
Shanghai Shoujia	Shanghai	Shanghai	Property development and sales	Yes	–	60
Capital Qinglv	Kunshan	Kunshan	Property development and sales	Yes	–	51
Shanghai Zhiyue	Shanghai	Shanghai	Property development and sales	Yes	–	50
Jinhaihu Culture Tourism	Beijing	Beijing	Project investment management	No	–	49
Shanghai Henggu	Shanghai	Shanghai	Property development and operation	Yes	–	28
Shanghai Songming	Shanghai	Shanghai	Property development and operation	Yes	–	28
Jinlong Yonghui	Beijing	Beijing	Property development and sales	Yes	–	14.55
Shangbodi	Beijing	Beijing	Construction engineering survey and design and investment consultation	No	51	–
Tianjin Lianzhan	Tianjin	Tianjin	Property development and sales	Yes	–	17.5
Dacheng Guanyuan	Beijing	Beijing	Property development and sales	Yes	–	12.5
Tianjin Ruibin	Tianjin	Tianjin	Property development and sales	Yes	–	50
TJ-Metro MTR (i)	Tianjin	Tianjin	Property development and sales	Yes	NA	NA

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6. EQUITY INTERESTS IN OTHER ENTITIES (Continued)

(2) Equity interests in joint ventures and associates (Continued)

(a) Basic information of significant Joint ventures and Associates (Continued)

(i) TJ-Metro MTR is a significant joint venture as at 31 December 2017 and becomes a subsidiary in 2018.

	Place of main operation	Place of registration	Nature of business	Strategic to the Group's operation	Interests held Direct (%)	Indirect (%)
Associates –						
Sunshine City Commercial	Beijing	Beijing	Properties operation and management	No	35	–
Shenyang Xinzi	Shenyang	Shenyang	Property development and sales	Yes	–	30
Tianjin Xinqing	Tianjin	Tianjin	Property development and sales	Yes	–	40
Tianjin Xinming	Tianjin	Tianjin	Property development and sales	Yes	–	40
Zhongguancun Integrated Circus Garden	Beijing	Beijing	Property development and sales	Yes	–	50
Tengtai Yiyuan	Beijing	Beijing	Property development and sales	Yes	–	25
Kaiyuan Hean	Beijing	Beijing	Investment management	Yes	49	–

Investments in above equity are accounted for using the equity method.

(b) Key financial information of significant joint ventures

	Shenyang Jitian		Shanghai Shoujia		Capital Qinglv		Shanghai Zhiyue		Jinhaihu Culture Tourism	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Current assets	1,451,479	440,079	2,041,299	2,494,000	508,968	512,813	3,058,947	2,778,892	600,165	NA
Including: cash and cash equivalent	51,227	29,258	50,591	498,787	40,950	8,429	34,088	15,352	154,071	NA
Non-current assets	32,723	32,801	2,783	3,026	–	–	3,108	204	245	NA
Total assets	1,484,202	472,880	2,044,082	2,497,026	508,968	512,813	3,062,055	2,779,096	600,410	NA
Current liabilities	1,178,583	122,034	682,660	1,370,203	38,863	40,665	2,277,390	648,838	29,040	NA
Non-current liabilities	119,000	147,000	–	210,375	–	–	295,827	1,633,000	221,870	NA
Total liabilities	1,297,583	269,034	682,660	1,580,578	38,863	40,665	2,573,217	2,281,838	250,910	NA
Total equity	186,619	203,846	1,361,422	916,448	470,105	472,148	488,838	497,258	349,500	NA
Net assets calculated by the percentage of shares holding	93,310	101,923	816,853	549,869	239,754	240,795	244,419	248,629	171,255	NA
Reconciliation items										
– Unrealized profit from intra- group transaction	(5,525)	(1,844)	–	–	–	–	–	–	–	NA
Book value of investment in joint ventures	87,785	100,079	816,853	549,869	239,754	240,795	244,419	248,629	171,255	NA
Market value of joint ventures (Public)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

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FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

6. EQUITY INTERESTS IN OTHER ENTITIES *(Continued)*

(2) Equity interests in joint ventures and associates *(Continued)*

(b) Key financial information of significant joint ventures *(Continued)*

	Shanghai Henggu		Shanghai Songming		Jinlong Yonghui		Shangbodi		Tianjin Lianzhan	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Current assets	450,587	451,971	374,332	390,478	1,192,819	2,484,946	205,961	223,235	3,376,495	NA
Including: cash and cash equivalent	49,832	38,817	53,690	75,996	517,009	764,753	22,220	65,898	134,283	NA
Non-current assets	-	-	8	1,494	151	21,084	485,062	492,108	3,108	NA
Total assets	450,587	451,971	374,340	391,972	1,192,970	2,506,030	691,023	715,343	3,379,603	NA
Current liabilities	27,388	28,203	11,524	37,324	510,425	2,468,569	35,859	81,802	2,476,664	NA
Non-current liabilities	-	-	-	-	-	-	264,263	264,263	-	NA
Total liabilities	27,388	28,203	11,524	37,324	510,425	2,468,569	300,122	346,065	2,476,664	NA
Total equity	423,199	423,768	362,816	354,648	682,545	37,461	390,901	369,278	902,939	NA
Net assets calculated by the percentage of shares holding	118,496	118,655	101,588	99,301	99,310	5,451	199,360	188,332	158,014	NA
Reconciliation items										
– Unrealized profit from intra- group transaction	-	-	-	-	-	-	-	-	-	NA
Book value of investment in joint ventures	118,496	118,655	101,588	99,301	99,310	5,451	199,360	188,332	158,014	NA
Market value of joint ventures (Public)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

	Dacheng Guangyuan		Tianjin Ruibin		TJ-Metro MTR	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Current assets	3,105,798	3,693,854	1,474,178	NA	NA	2,908,461
Including: cash and cash equivalent	543,514	1,113,983	65,123	NA	NA	4,396
Non-current assets	928	1,154	108	NA	NA	918
Total assets	3,106,726	3,695,008	1,474,286	NA	NA	2,909,379
Current liabilities	1,958,598	2,599,199	837,180	NA	NA	319
Non-current liabilities	387,500	1,087,500	-	NA	NA	280,418
Total liabilities	2,346,098	3,686,699	837,180	NA	NA	280,737
Total equity	760,628	8,309	637,106	NA	NA	2,628,642
Net assets calculated by the percentage of shares holding	95,079	1,039	318,553	NA	NA	1,288,035
Reconciliation items						
– Unrealized profit from intra-group transaction	-	-	-	NA	NA	-
Book value of investment in joint ventures	95,079	1,039	318,553	NA	NA	1,288,035
Market value of joint ventures (Public)	NA	NA	NA	NA	NA	NA

FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

6. EQUITY INTERESTS IN OTHER ENTITIES (Continued)

(2) Equity interests in joint ventures and associates (Continued)

(b) Key financial information of significant joint ventures (Continued)

	Shenyang Jitian		Shanghai Shoujia		Capital Qinglv		Shanghai Zhiyue		Jinhaihu Culture Tourism	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenue	88,770	98,199	1,913,956	882,948	2,386	7,645	-	-	-	NA
Interest income/(expenses)	76	160	14,410	3,733	29	254	39	105	(4)	NA
Income tax expenses	-	-	(148,510)	(85,093)	-	(41)	2,804	-	167	NA
Net (loss)/profit	(17,225)	(12,113)	444,974	255,282	(2,042)	124	(8,419)	(880)	(501)	NA
Other comprehensive income	-	-	-	-	-	-	-	-	-	NA
Total comprehensive (loss)/income	(17,225)	(12,113)	444,974	255,282	(2,042)	124	(8,419)	(880)	(501)	NA
Dividends from joint ventures	-	-	-	-	-	-	-	-	-	NA

	Shanghai Henggu		Shanghai Songming		Jinlong Yonghui		Shangbodi		Tianjin Lianzhan	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenue	6,042	-	104	16,564	2,674,846	-	94,645	94,900	-	NA
Interest income/(expenses)	111	240	652	1,028	10,737	1,863	(15,300)	(16,158)	590	NA
Income tax expenses	-	4,924	(2,723)	(3,399)	(215,016)	8,155	(7,213)	(9,639)	2,354	NA
Net (loss)/profit	(568)	5,167	8,168	10,198	645,078	(24,449)	21,623	28,916	(7,061)	NA
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total comprehensive (loss)/income	(568)	5,167	8,168	10,198	645,078	(24,449)	21,623	28,916	(7,061)	NA
Dividends from joint ventures	-	-	-	-	-	-	-	-	-	-

	Dacheng Guangyuan		Tianjin Ruibin		TJ-Metro MTR	
	2018	2017	2018	2017	2018	2017
Revenue	2,981,387	-	-	NA	NA	71
Interest income	16,868	12,517	45	NA	NA	305
Income tax expenses	(257,297)	14,814	-	NA	NA	-
Net profit/(loss)	752,324	(44,441)	(8,393)	NA	NA	(24,419)
Other comprehensive income	-	-	-	NA	NA	-
Total comprehensive income/(loss)	752,324	(44,441)	(8,393)	NA	NA	(24,419)
Dividends from joint ventures	-	-	-	NA	NA	-

The Group, based on the amount assigned to the Company in the consolidated financial statements of joint ventures, calculates asset proportion by its shareholding.

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FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)



6. EQUITY INTERESTS IN OTHER ENTITIES *(Continued)*

(2) Equity interests in joint ventures and associates *(Continued)*

(b) Key financial information of significant joint ventures *(Continued)*

The amount in the consolidated financial statements of joint ventures has taken the influence of the fair value of identifiable asset and liability of the investee joint venture into consideration and the unified accounting policies.

(c) Key financial information of significant associates

	Sunshine City Commercial		Shenyang Xinzi		Tianjin Xinqing	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Current assets	270,970	277,590	954,982	1,037,462	845,298	665,317
Including: cash and cash equivalent	24,481	40,838	33,844	33,834	1,923	41,488
Non-current assets	1,232,259	1,140,806	20	20	243	314
Total assets	1,503,229	1,418,396	955,002	1,037,482	845,541	665,631
Current liabilities	60,921	63,535	68,135	127,844	182,251	1,545
Non-current liabilities	725,818	721,129	-	-	-	-
Total liabilities	786,739	784,664	68,135	127,844	182,251	1,545
Total equity	716,490	633,732	886,867	909,638	663,290	664,086
Net assets calculated by the percentage of shares holding	250,772	221,806	266,060	272,891	265,316	265,634
Reconciliation items						
– Unrealized profit from intra-group transaction	(555)	(555)	(5,933)	(3,249)	(872)	(521)
Book value of investment in associates	250,217	221,251	260,127	269,642	264,444	265,113
Market value of associates (Public)	NA	NA	NA	NA	NA	NA

FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

6. EQUITY INTERESTS IN OTHER ENTITIES *(Continued)*(2) Equity interests in joint ventures and associates *(Continued)*(c) Key financial information of significant associates *(Continued)*

	Tianjin Xinming		Zhongguancun Integrated Circus Garden		Tengtai Yiyuan		Kaiyuan Hean	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Current assets	621,105	637,082	2,153,727	2,478,300	2,109,063	NA	181,215	NA
Including: cash and cash equivalent	5,997	130,056	539,318	544,525	112,557	NA	13,355	NA
Non-current assets	–	18,514	1,935,361	1,796,426	1,695	NA	3,661,637	NA
Total assets	621,105	655,596	4,089,088	4,274,726	2,110,758	NA	3,842,852	NA
Current liabilities	122,107	129,519	999,749	771,825	1,277,306	NA	2,393,093	NA
Non-current liabilities	–	–	2,282,897	2,802,467	–	NA	359,096	NA
Total liabilities	122,107	129,519	3,282,646	3,574,292	1,277,306	NA	2,752,189	NA
Total equity	498,998	526,077	806,442	700,434	833,452	NA	1,090,663	NA
Net assets calculated by the percentage of shares holding	199,599	210,431	403,221	350,217	208,363	NA	534,425	NA
Reconciliation items – Unrealized profit from intra-group transaction	(4,816)	(2,779)	–	–	–	NA	(40,168)	NA
Book value of investment in associates	194,783	207,652	403,221	350,217	208,363	NA	494,257	NA
Market value of associates (Public)	NA	NA	NA	NA	NA	NA	NA	NA

	Sunshine city Commercial		Shenyang Xinzi		Tianjin Xinqing	
	2018	2017	2018	2017	2018	2017
Revenue	87,998	44,783	174,093	69,652	553	–
Interest (expenses)/ income	(35,343)	(26,575)	251	125	12	34
Income tax expenses	–	–	–	(2,703)	265	10
Net profit/(loss)	82,759	87,743	(22,769)	8,111	(795)	(29)
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income/(loss)	82,759	87,743	(22,769)	8,111	(795)	(29)
Dividends from associates	–	–	–	–	–	–

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6. EQUITY INTERESTS IN OTHER ENTITIES *(Continued)*

(2) Equity interests in joint ventures and associates *(Continued)*

(c) Key financial information of significant associates *(Continued)*

	Tianjin Xinming		Zhongguancun Integrated Circus Garden		Tengtai Yiyuan		Kaiyuan Hean From disposal date to 31 December		
	2018	2017	2018	2017	2018	2017	2018	2017	
Revenue	67	2,119	1,233,767	-	-	-	-	-	NA
Interest expenses/ (income)	124	75	(68,685)	2,235	876	-	-	-	NA
Income tax expenses	(18,514)	-	(35,422)	(17,796)	851	-	-	-	NA
Net (loss)/profit	(27,080)	(90,221)	106,008	53,386	(30,546)	-	-	-	NA
Other comprehensive income	-	-	-	-	-	-	-	-	NA
Total comprehensive (loss)/income	(27,080)	(90,221)	106,008	53,386	(30,546)	-	-	-	NA
Dividends from associates	-	-	-	-	-	-	-	-	NA

The Group, based on the amount assigned to the Company in the consolidated financial statements of associates, calculates asset share in proportion to the number of shares owned.

The amount in the consolidated financial statements of associates has taken the influence of the fair value of identifiable net asset and liability of the investee associates into consideration and the unified accounting policies.

6. EQUITY INTERESTS IN OTHER ENTITIES *(Continued)*(2) Equity interests in joint ventures and associates *(Continued)*

(d) Summary information of insignificant joint ventures and associates

	2018	2017
Joint ventures:		
Total book value of investment	324,083	194,951
Subtotals by the percentage of shareholding		
Profit/(Loss)	10,417	(68,169)
Other comprehensive income	–	–
Total comprehensive income/(loss)	10,417	(68,169)
Associates:		
Total book value of investment	58,412	132,343
Subtotals by the percentage of shareholding		
Net loss	(1,486)	(637)
Other comprehensive income	–	–
Total comprehensive loss	(1,486)	(637)

The calculation of net profit and other comprehensive income has taken the market value of recognized assets and liabilities at acquisition date and its accounting policy adjustments into consideration.

(e) The excess deficit related to joint ventures and associates

	The accumulated unrecognized loss at the beginning of the year	The accumulated unrecognized loss of the year (Or the shared net profits of the year)	The accumulated unrecognized loss at the end of the year
Shouwan Yuye	10,236	(7,599)	2,637
Tonghua Qiangyu	16,292	(30,657)	–
Tianjin Yongyuan	38	60	98
Tianjin Jiqing	173	3,247	3,420
Tianjin Ruitai	–	25	25

(f) The financial guarantee related to joint ventures is disclosed in Note 11.

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7. INTERESTS OF NON-CONSOLIDATED SPECIAL PURPOSE VEHICLE

In June 2016, the Company entered into the equity trusteeship agreements (hereinafter "Trusteeship Agreement") with the shareholders of Sichuan Capital Yuanda Real Estate Development Co., Ltd. (hereinafter "Sichuan Capital Yuanda"), Huludao Chuangrong Investment Co., Ltd. (hereinafter "Huludao Chuangrong"), Huludao Capital Investment Development Co., Ltd. (hereinafter "Huludao Investment"), Huludao Capital Industrial Development Co., Ltd. (hereinafter "Huludao Industrial"), Huludao Capital Longwan Development Co., Ltd. (hereinafter "Longwan Development"), Xishuangbanna Xietong Duchang Investment Co., Ltd. (hereinafter "Xietong Duchang"), Jinghong Xietong Real Estate Co., Ltd. (hereinafter "Jinghong Xietong"), Jinghong Hengtong Real Estate Development Co., Ltd. (hereinafter "Jinghong Hengtong") and Xishuangbanna Jingyuan Investment Development Co., Ltd. (hereinafter "Jingyuan Investment") (collectively "Trusteeship Companies"). The Company shall exercise the shareholder rights by trusteeship (except for the right to profit, residual properties distribution and disposition), including but not limited to the right to attending shareholders' meeting, voting, nomination, recommendation, supervision, proposal and questioning etc. The Company shall perform supervision, propose suggestions for the trusteeship companies and appoints individuals for directors, supervisors and chief generalatives on behalf of the trusteeship companies' shareholders. According to the Trusteeship Agreement, the trusteeship expenses are calculated as 0.2% of the sales revenue of trusteeship companies within maximum of RMB900,000 and minimum of RMB500,000.

In 2018, the Company entered into an agreement with the shareholder of Sichuan Capital Yuanda, Xietong Duchang, Jinghong Xietong, Jinghong Hengtong and Jingyuan Investment to terminate the equity trusteeship, and all parties of the agreement shall not entitle to any right or obligation under the trusteeship agreement since the date of the agreement signed.

As of 31 December 2018, the Group has no equity interests in the above trusteeship companies and treated Huludao Chuangrong, Huludao Investment, Huludao Industrial and Longwan Development as interests of non-consolidated special purpose vehicle. These trusteeship companies are principally engaged in the real estate development, and the revenue are mainly from the real estate project. As at 31 December 2018, the Group has not transferred assets to the trusteeship companies, and has no obligation or intention to provide financial support to these trusteeship companies.

Other non-consolidated special purpose vehicles, including Zhuhai Hengqin Chengdu Weihua Fund and Zhuhai Hengqin Ruiyuan Jialing Fund, are disclosed in note 4(14).



8. SEGMENT INFORMATION

The reportable segments of the Group are the business units that provide different products or services, or operate in different areas. Different businesses or areas require different marketing strategies, the Group, therefore, separately manages the production and operation of each reportable segment and values their operating results respectively, in order to make decisions about resources allocation to these segments and to assess their performance.

In 2018 and as at 31 December 2018, the Group identified eight reportable segments as follows:

- Beijing segment, which is mainly engaged in real estate development, sales and related business in Beijing region.
- Shanghai segment, which is mainly engaged in real estate development, sales and related business in Shanghai region.
- Tianjin segment, which is mainly engaged in real estate development, sales and related business in Tianjin region.
- Chengyu segment, which is mainly engaged in real estate development, sales and related business in Chengdu and Chongqing region.
- Other segment, which is mainly engaged in real estate development, sales and related business in other regions, including Shenyang, Xi'an, Jiangsu, Zhejiang, Hainan and etc.
- Outlets business segment, which is mainly engaged in Capital outlets businesses development and operation in different regions.
- Other investment properties segment, which is mainly engaged in the investment properties development and operation other than Capital outlets business in different regions.
- Primary land development segment (including renovation of shanty towns), which is mainly engaged in primary land development and renovation of shanty towns in Beijing, Tianjin and Hebei region.

Inter-segment transfer prices are determined by referring to sales price to third parties.

Assets are allocated to segments based on the location of assets and the segments' operation. Liabilities are allocated to segments based on the segments' operation.

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8. SEGMENT INFORMATION (Continued)

(1) Segment information in 2018 and as at 31 December 2018 are as follows:

	Property development, sales and related business					Investment properties					Total
	Beijing	Shanghai	Tianjin	Chengyu	Others	Outlets	Others	Primary land development	Unallocated	Intersegments elimination	
Revenue from external customers	11,794,230	1,308,459	1,783,517	1,217,120	3,684,247	402,908	115,141	2,902,844	48,587	-	23,255,053
Inter-segment revenue	-	-	-	8,767	297,279	598	14,670	-	5,551	(326,865)	-
Revenue from contracts with customers:											
Recognized at a point in time	11,794,230	1,308,459	1,783,517	1,209,819	3,583,191	-	-	862,783	13,858	-	20,555,857
Recognized over time	-	-	-	7,301	101,056	-	-	2,040,061	14,528	-	2,162,946
Cost of sales from main operations	(9,136,106)	(769,842)	(1,134,290)	(963,643)	(2,372,842)	(45,115)	(10,315)	(2,080,835)	-	-	(16,512,988)
Interest income	22,146	3,044	33,621	1,233	16,369	4,804	12,685	168	191,660	-	285,730
Interest expenses	(415,252)	(9,595)	(37,193)	(181)	(155,696)	(140,834)	(117,946)	(154,842)	(1,732,565)	193,219	(2,570,885)
Share of profit/(loss) of associates and joint ventures	240,904	264,903	(12,227)	-	(1,042)	(1,494)	-	-	22,736	-	513,780
Provisions from credit impairment loss	-	-	-	-	(43,219)	-	-	-	(98,000)	-	(141,219)
Depreciation and amortization	(2,575)	(157)	(1,173)	(144)	(757)	(35,880)	(2,653)	(176)	(1,173)	-	(44,688)
Total profit/(loss)	1,346,883	634,031	326,936	141,196	658,403	(241,393)	260,585	768,904	(735,582)	-	3,159,963
Income taxes expense	(341,336)	(94,699)	(74,794)	(47,491)	(192,109)	17,780	(99,291)	(212,741)	301,807	-	(742,874)
Net profit/(loss)	1,005,547	539,332	252,142	93,705	466,294	(223,613)	161,294	556,163	(433,775)	-	2,417,089
Total assets	26,959,039	24,522,872	17,966,193	7,482,478	15,486,438	13,720,476	10,793,139	13,208,115	51,140,146	(11,562,073)	169,716,823
Total liabilities	(26,165,961)	(18,790,153)	(13,623,027)	(4,140,941)	(12,228,159)	(6,687,277)	(3,291,818)	(8,926,320)	(53,740,602)	16,078,117	(131,516,141)
Long-term equity investments on associates and joint ventures	597,611	1,281,355	543,567	-	254,717	30,172	-	-	2,400,951	-	5,108,373
Increase in non-current assets (i)	3,860	781	325	-	664	3,073,755	732,607	462	361,437	-	4,173,891

(i) Non-current assets do not include financial assets, long-term equity investments and deferred income tax assets.

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8. SEGMENT INFORMATION (Continued)

(2) Segment information in 2017 and as at 31 December 2017 are as follows (restated):

	Property development, sales and related business					Investment properties					Total
	Beijing	Shanghai	Tianjin	Chengyu	Others	Outlets	Others	Primary land development	Unallocated	Intersegments elimination	
Revenue from external customers	8,894,836	1,983,141	2,265,096	1,618,434	3,184,786	226,746	126,952	2,906,146	85,903	-	21,292,040
Inter-segment revenue	-	-	-	-	160,693	514	-	-	-	(161,207)	-
Cost of sales from main operations	(7,551,363)	(1,369,275)	(1,500,194)	(1,404,456)	(2,359,143)	-	(9,592)	(971,456)	-	-	(15,165,479)
Interest income	14,365	985	17,746	1,293	18,592	1,293	1,900	399	95,996	-	152,569
Interest expenses	(91,633)	(139)	(39,945)	(262)	(19,572)	(116,111)	(4,418)	(190,730)	(934,076)	69,369	(1,327,517)
Share of profit/(loss) of associates and joint ventures	15,490	157,029	(15,972)	-	-	(41)	(543)	176	(56,502)	-	99,637
Provisions from assets impairment loss	-	-	-	-	(5,469)	-	-	-	(252,137)	-	(257,606)
Depreciation and amortization	(2,008)	(468)	(1,632)	(356)	(6,432)	(11,150)	(1,631)	(335)	(3,977)	-	(27,989)
Total profit/(loss)	523,268	294,596	546,985	91,591	640,117	239,398	161,508	2,031,588	(689,734)	-	3,839,317
Income taxes expense	(168,286)	(112,914)	(154,452)	(59,865)	(168,963)	(49,466)	(56,268)	(507,941)	235,635	-	(1,042,520)
Net profit/(loss)	354,982	181,682	392,533	31,726	471,154	189,932	105,240	1,523,647	(454,099)	-	2,796,797
Total assets	33,138,413	18,542,734	17,332,867	3,165,381	12,018,010	10,907,273	9,492,511	8,973,388	36,876,505	(9,025,913)	141,421,169
Total liabilities	(32,621,351)	(17,151,614)	(11,404,334)	(889,379)	(8,754,740)	(3,676,616)	(3,600,646)	(7,386,316)	(39,661,742)	15,657,102	(109,489,636)
Long-term equity investments on associates and joint ventures	356,707	1,016,452	1,312,429	-	255,758	104,126	-	176	1,435,706	-	4,481,354
Increase in non-current assets (i)	5,868	130	613	538	14,871	2,351,008	730,074	631	313	-	3,104,046

(i) Non-current assets do not include financial assets, long-term equity investments and deferred income tax assets.

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FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

8. SEGMENT INFORMATION *(Continued)*

The revenue generated and total non-current assets apart from financial assets, long-term equity investment and deferred income tax assets from mainland China and overseas countries or regions were disclosed as follows:

Revenue from external customers	2018	2017
China	23,247,585	21,292,040
France	9,468	–
Total	23,257,053	21,292,040

Total non-current assets	31 December 2018	31 December 2017
China	21,604,672	18,161,909
France	181,379	179,747
Total	21,786,051	18,341,656

Most business of the Company and main subsidiaries are operated in mainland China. In 2018 and 2017, the Group has revenue amounted to RMB9,468,000 and nil generated from overseas transaction respectively.

In 2018, the Group has revenue of RMB829,934,000 generated from a customer from primary land development segment which accounts for 3.6% of the total revenue of the Group (2017: RMB1,368,847,000, accounts for 6.4% of the total revenue of the Group).

9. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

(1) The parent company

(a) The general information of the parent company

	Place of registration	Nature of business
Capital Group	Beijing, the PRC	Infrastructure, financial securities, industrial technology, commercial trade and tourist hotel, etc.

The Company's ultimate controlling party is Capital Group, incorporated in Beijing.

(b) Registered capital and changes in registered capital of the parent company:

	31 December 2017	Increase	Decrease	31 December 2018
Capital Group	3,300,000	–	–	3,300,000

(c) The proportions of equity interests and voting rights in the Company held by the parent company:

	31 December 2018		31 December 2017	
	Interest held (%)	Voting held (%)	Interest held (%)	Voting held (%)
Capital Group	54.47	54.47	54.47	54.47

(2) Subsidiaries

The general information and other related information of the subsidiaries are set out in note 6(1).

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FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

9. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(3) Joint ventures and associates

The general information of joint ventures and associates are set out in note 6(2).

Except for the significant joint ventures and associates set out in note 6(2), the rest of information of other joint ventures and associates engaged in related party transactions with the Group is listed as follows:

	Place of main operation	Place of registration	Nature of business	Strategic to the Group's operation	Interests held 31 December 2018		Interests held 31 December 2017	
					Direct (%)	Indirect (%)	Direct (%)	Indirect (%)
Joint ventures								
Shouwan Yuye	Shanghai	Shanghai	Property management	No	-	51	-	51
Tianjin Yongyuan	Tianjin	Tianjin	Property development and sales	No	-	30	-	30
Tianjin Ruitai	Tianjin	Tianjin	Property development and sales	Yes	-	50	NA	NA
Tianjin Lianjin	Tianjin	Tianjin	Property development and sales	No	-	25	-	25
Tianjin Jiqing	Tianjin	Tianjin	Property development and sales	No	-	50	-	50
Chuangyuan Yicheng	Beijing	Beijing	Property development and sales	No	-	50	-	50
Yuanchuang Xingmao	Beijing	Beijing	Property development and sales	No	-	30	-	30
Yuanchuang Xingcheng	Beijing	Beijing	Property development and sales	No	-	50	NA	NA
Tianjin Hefa	Tianjin	Tianjin	Property development and sales	Yes	-	24.7	NA	NA

	Place of main operation	Place of registration	Nature of business	Strategic to the Group's operation	Interests held 31 December 2018		Interests held 31 December 2017	
					Direct (%)	Indirect (%)	Direct (%)	Indirect (%)
Associates								
Golden Net	Beijing	Beijing	Real estate sales agent	No	14	-	14	-
Nanchang Huachuang	Nanchang	Nanchang	Property development and sales	No	-	29.2	-	29.2
Zhuhai Hengqin Ruiyuan Jialing Fund	Zhuhai	Zhuhai	Leasing and business services	No	-	30.4	-	30.4



9. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(4) Other related parties

	Relationship with the Group
Reco Ziyang Pte Ltd ("Reco Ziyang")	Significant non-controlling interests of subsidiaries
Shanghai Poly Jianjin Real Estate Co., Ltd. ("Poly Jianjin")	Significant non-controlling interests of subsidiaries
Kunming Wuhua District Industry Development Co., Ltd. ("Kunming Wuhua")	Significant non-controlling interests of subsidiaries
Financial Street Hotel	Former associate of the Company
Shouhui Real Estate	Significant subsidiary of associate of the Company
Chengdu Jinhui	Significant subsidiary of joint venture of the Company
Shanghai Liangyue Industrial Co., Ltd. ("Shanghai Liangyue")	Significant subsidiary of joint venture of the Company
Tianjin Ruixiang Real Estate Co., Ltd. ("Tianjin Ruixiang")	Significant subsidiary of joint venture of the Company
Chongqing Huayu Shengrui Real Estate Development Co., Ltd. ("Chongqing Huayu Shengrui")	Significant subsidiary of joint venture of the Company
Beijing Capital Financial Assets Transaction Information Service Co., Ltd. ("Capital Financial Service")	Controlled by the same ultimate controller
Beijing Capital Investment	Controlled by the same ultimate controller
Beijing XCapital Construction Investment Fund (Limited Partnership) ("XCapital Fund")	Controlled by the same ultimate controller
Capital Securities	Controlled by the same ultimate controller
Beijing Chuangzhi Xinrong Investment Center (Limited Partnership) ("Chuangzhi Xinrong")	Controlled by the same ultimate controller
BCG Chinastar International Investment Limited ("BCG Chinastar")	Controlled by the same ultimate controller
Beijing Shouyirong Information Technology Service Co., Ltd. ("Shouyirong")	Controlled by the same ultimate controller
Reco Yanshan Private Limited ("Reco Yanshan")	Significant non-controlling interests of subsidiaries
Bantex Investments Limited ("Bantex Investments")	Significant non-controlling interests of subsidiaries
Beijing Xinshang Zhiyuan Real Estate Development Co., Ltd. ("Xinshang Zhiyuan")	Significant non-controlling interests of subsidiaries
Hangzhou Weixin Real Estate Development Co., Ltd. ("Hangzhou Weixin")	Significant non-controlling interests of subsidiaries
Tianjin Xuwei Real Estate Development Co., Ltd. ("Tianjin Xuwei")	Significant non-controlling interests of subsidiaries
Beijing Yongtongchang Real Estate Development Co., Ltd. ("Yongtongchang")	Significant non-controlling interests of subsidiaries
Jindi Xingye Real Estate Co., Ltd. ("Jindi Xingye")	Significant non-controlling interests of subsidiaries
Beijing Longhu Zhongbai Real Estate Co., Ltd. ("Longhu Zhongbai")	Significant non-controlling interests of subsidiaries
Zhejiang Rongshengda Holdings Limited ("Rongshengda")	Significant non-controlling interests of subsidiaries
Beijing Jiayuan Hongye Investment Management Co., Ltd. ("Jiayuan Hongye")	Significant non-controlling interests of subsidiaries

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FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

9. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(5) Related party transaction

The Board of directors considers all transactions with related parties are on normal commercial terms, and prices of related party transactions were agreed by the Group and the related parties.

(a) Purchases or sales of goods, providing or receiving services

Purchases of goods and receiving services:

Related party	Related transaction	Pricing policy and procedure for decision-making	2018	2017
Capital Group	Guarantees		37,500	43,600
Capital Group	Keepwell Deed		35,133	23,054
Golden Net (i)	Selling agency	According to market price criterion with friendly negotiation.	26,424	39,674
Shangbodi	Property leasing		7,230	3,796
Capital Securities	Assets managing service		5,079	4,065
Capital Securities	Securities consignment		3,300	–
Others	Property leasing		2,462	2,462
Total			117,128	116,651

- (i) The Group entrusts Golden Net as sales agent of certain projects. The commission fee payable was charged by certain percentage based on property sales turnover.

9. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(5) Related party transaction (Continued)

(a) Purchases or sales of goods, providing or receiving services (Continued)

Sales of goods and providing services:

Related parties	Related transaction	Pricing policy and procedure for decision-making	2018	2017
Tianjin Ruitai	Merchandise sales		829,934	–
Tianjin Jiqing	Merchandise sales		–	683,322
Capital Group	Property leasing and management		26,115	27,691
Shouhui Real Estate	Merchandise sales		9,969	–
Chengdu Jinhui	Merchandise sales	According to market price criterion	9,682	3,441
Shouhui Real Estate	Consulting service	with friendly negotiation.	7,212	8,503
Shouyirong	Property leasing and management		4,369	–
Chengdu Jinhui	Consulting service		3,125	7,066
Tianjin Yongyuan	Merchandise sale		–	1,368,847
Others			7,422	17,359
Total			897,828	2,116,229

(b) Interest income/(expense)

	2018	2017
Tianjin Ruixiang	81,165	9,814
Tianjin Yongyuan	64,953	90,741
Capital Qinglv	64,678	48,579
Zhongguancun Integrated Circuit Garden	40,899	48,625
Tianjin Ruitai	20,807	–
Beijing Capital Investment	–	(45,393)
BCG Chinastar	(3,102)	(12,980)
XCapital Fund	(21,378)	(23,523)
Others	6,545	9,562
Total	254,567	125,425

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FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

9. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(5) Related party transaction *(Continued)*

(c) Guarantee and keepwell deed

	31 December 2018	31 December 2017
Capital Group for the Company (i)	4,500,000	5,500,000
Capital Group for subsidiaries (ii)	248,000	1,220,000
Keepwell deed for subsidiaries by Capital Group	9,576,035	4,684,585
Non-controlling interests of subsidiaries for subsidiaries (note 30(b))	1,893,000	1,100,000
The Group for subsidiaries of joint ventures (iii)	750,000	–
The Group for joint ventures (iv)	649,500	73,500

(i) In 2014, Capital Group provided irrevocable guarantee for the Company's long-term borrowings from PICC Investment Holding Co., Ltd. amounted to RMB2,000,000,000. The guarantee will expire in October 2019.

In 2015, Capital Group provided irrevocable guarantee for the Company's long-term borrowings from Taikang Assets Management Co., Ltd. amounted to RMB2,500,000,000. The guarantee will expire in August 2022.

(ii) In 2014, Capital Group provided irrevocable guarantee for S.C.'s long-term borrowings from Shenzhen Branch of Ping'an Bank amounted to RMB1,220,000,000. The guarantee will expire in August 2022. As at 31 December 2018, the balance of the borrowing amounted to RMB248,000,000.

(iii) As at 31 December 2018, the Group provided unconditional and irrevocable guarantees for the long-term borrowings of RMB750,000,000 borrowed by a subsidiary of a joint venture in March 2018 from AVIC Trust Co., Ltd. The guarantee will expire in May 2020.

(iv) As at 31 December 2018, long-term borrowings of joint ventures of the Group, amounted to RMB649,500,000 (31 December 2017: RMB73,500,000), are guaranteed by the Group.

9. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*(5) Related party transaction *(Continued)*

(d) Provide/(receive) funding

	2018	2017
Chuangyuan Yicheng	1,789,329	1,115,500
Tianjin Ruixiang	1,367,800	415,604
Tianjin Hefa	1,234,506	–
Yuanchuang Xingmao	1,175,901	329,820
Yuanchuang Xingcheng	865,883	–
Tianjin Ruitai	724,365	–
Tianjin Lianzhan	561,750	–
BCG Chinastar	533,097	(529,995)
Hangzhou Weixin	266,408	–
Tianjin Xuwei	242,189	–
Xinshang Zhiyuan	242,189	–
Yongtongchang	217,970	–
Poly Jianjin	207,040	325,936
Bantex Investments	204,000	–
Capital Qinglv	96,889	49,500
Reco Yanshan	86,080	–
Tianjin Ruibin	47,600	–
Tianjin Yongyuan	37,364	145,438
Shanghai Liangyue	13,000	75,000
Shouhui Real Estate	–	263,000
Beijing Capital Investment	–	52,639
Capital Financial Service	–	(20,000)
Chengdu Jinhui	–	(38,052)
Kunming Wuhua	–	(164,380)
Shanghai Songming	(2,800)	(5,600)
Nanchang Huachuang	(13,941)	(119,928)
Jinlong Yonghui	(21,825)	(14,550)
Dacheng Guangyuan	(25,000)	(12,500)
Shangbodi	(36,662)	–
Financial Street Hotel	(66,706)	–
Tianjin Xinming	(99,000)	98,000
Tianjin Lianjin	(200,000)	(203,907)
Chongqing Huayu Shengrui	(200,406)	–
Zhongguancun Integrated Circus Garden	(201,295)	(51,723)
Tengtai Yiyuan	(246,000)	492,000
Tianjin Jiqing	(358,972)	21
Shanghai Shoujia	(438,000)	(558,000)
Tianjin Xinqing	(578,000)	10,000
Others	3,120	(4,904)
Total	7,427,873	1,648,919

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FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

9. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(5) Related party transaction *(Continued)*

(e) Key executives compensation

	2018	2017
Remuneration of key executives	32,490	46,401
Others	352	324
Total	32,842	46,725

- (f) In February 2017, the Company entered into an Asset Management Agreement with Capital Securities and the custodian bank. Capital Securities shall provide asset management and investment services in respect of the Entrusted Assets no more than RMB2,000,000,000 in accordance with the investment policies under the Asset Management Agreement. The Company will pay, on an annual basis and upon the termination of the Asset Management Agreement, the Performance Fee to Capital Securities based on the aggregate amount of the investment return exceeding the annual benchmark return.

(6) Related party balances

Receivables due from related parties:

	31 December 2018		31 December 2017	
	Carrying amount	Provisions for doubtful debts	Carrying amount	Provisions for doubtful debts
Advanced to suppliers Golden Net	11,747	-	22,474	-
Current portion of non-current assets Zhongguancun Integrated Circus Garden	-	-	598,080	-
Long-term receivables Financial Street Hotel	-	-	66,706	-
Total	-	-	664,786	-

9. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)***(6) Related party balances** *(Continued)*

Receivables due from related parties (Continued):

	31 December 2018		31 December 2017	
	Carrying amount	Provisions for doubtful debts	Carrying amount	Provisions for doubtful debts
Other receivables				
Chuangyuan Yicheng	3,384,829	—	1,115,500	—
Yuanchuang Xingmao	1,505,721	—	329,820	—
Tianjin Hefa	1,186,056	—	—	—
Tianjin Ruixiang (i)	1,181,639	—	415,604	—
Kaiyuan Hean	1,140,857	—	—	—
Tianjin Yongyuan (ii)	997,453	—	908,183	—
Yuanchuang Xingcheng	865,883	—	—	—
Tianjin Ruitai (iii)	745,172	—	—	—
Capital Qinglv (iv)	447,216	—	281,768	—
Zhongguancun Integrated Circus Garden (v)	440,128	—	48	—
Tianjin Lianzhan	403,133	—	—	—
Tianjin Ruibin	391,296	—	—	—
Shanghai Liangyue	318,000	—	305,000	—
Yongtongchang	317,970	—	100,000	—
Hangzhou Weixin	266,408	—	—	—
Tengtai Yiyuan	246,000	—	492,000	—
Xinshang Zhiyuan	242,189	—	—	—
Tianjin Xuwei	242,189	—	—	—
Bantex Investments	204,000	—	—	—
Jindi Xingye	100,000	—	100,000	—
Longhu Zhongbai	100,000	—	100,000	—
Reco Yanshan	91,137	—	—	—
Chuangzhi Xinrong	54,078	—	54,078	—
Nanchang Huachuang	47,703	—	61,644	—
Rongshengda (vi)	47,626	—	45,491	—
Chongqing Huayu Shengrui	28,072	—	—	—
Shouwan Yuye	27,636	—	26,398	—
Shangbodi	10,000	—	46,662	—
Shouhui Real Estate	8,880	—	5,735	—
Chengdu Jinhui	6,931	—	5,606	—
Tianjin Jiqing (vii)	5,607	—	21	—
Others	5,534	—	3,042	—
Total	15,059,343	—	4,396,600	—

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FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

9. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(6) Related party balances *(Continued)*

- (i) As at 31 December 2018, the amounts were the principal and interests due from Tianjin Ruixiang. The principal has no fixed maturity date with an annual interest rate of 10%
- (ii) As at 31 December 2018, the amounts were the principal and interests due from a joint venture, Tianjin Yongyuan. The principal has no fixed maturity date with an annual interest rate of 7.64%.
- (iii) As at 31 December 2018, the amounts were the principal and interests due from Tianjin Ruitai. The principal has no fixed maturity date with an annual interest rate of 10%.
- (iv) As at 31 December 2018 and 31 December 2017, the amounts were the principal and interests due from Capital Qinglv. The principal has no fixed maturity date with an annual interest rate of 20%.
- (v) As at 31 December 2017, RMB598,080,000 were the principal due from Zhongguancun Integrated Circus Garden, an associate of the Group, carrying a fixed annual interest rate of 8.5%. The receivable will be collected before 31 March 2018 and therefore was classified as current portion of non-current assets. In 2018, the Group has collected RMB157,952,000 and signed renewal agreement for the remaining part amounted to RMB440,128,000 carrying a fixed annual interest rate of 8.5%. The receivable was classified as other receivables.
- (iv) As at 31 December 2018, the amounts were the principal and interests due from Rongshengda, a non-controlling interest of the Group. The principal has no fixed maturity date with an annual interest rate of 4.85%.
- (vii) As at 31 December 2018, the amounts were the principal and interests due from Tianjin Jiqing. The principal has no fixed maturity date with an annual interest rate of 10%.

Except for the receivables above, the other receivables due from related parties were interest free, unmortgaged and unguaranteed, and with no fixed maturity date.

9. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)***(6) Related party balances** *(Continued)*

Payables due to related parties:

		31 December 2018	31 December 2017
Trade Payables	Golden Net	40,061	19,561
Contract liabilities/ Advances from customers	Shouhui Real Estate	9,379	2,094
	Chengdu Jinhui	–	3,818
Total		9,379	5,912
Other payables	Poly Jianjin	1,165,183	1,372,223
	Shanghai Shoujia	1,101,689	663,689
	Chuangyuanhui	1,028,280	–
	Tianjin Xinqing	578,000	–
	Chuangyuan Yicheng	480,000	–
	Tianjin Lianjin	200,000	–
	Zhuhai Hengqin Ruiyuan Jialing Fund	125,536	125,536
	Kunming Wuhua	118,225	164,380
	Shanghai Henggu	109,200	109,200
	Tianjin Xinming	99,420	420
	Shanghai Songming	89,600	86,800
	XCapital Fund	76,500	76,500
	Reco Ziyang	69,987	69,987
	Jinlong Yonghui	65,475	43,650
	Dacheng Guangyuan	62,500	37,500
	Tianjin Yongyuan	30,010	30,010
	Hangzhou Weixin	27,002	–
	Tianjin Xuwei	24,547	–
	Xinshang Zhiyuan	24,547	–
	Yongtongchang	22,093	–
Capital Investment Beijing	20,000	20,000	
BCG Chinastar (viii)	–	529,995	
Others	84	90	
Total		5,517,878	3,329,980

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FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

9. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(6) Related party balances *(Continued)*

Payables due to related parties *(Continued)*:

		31 December 2018	31 December 2017
Interests payable	XCapital Fund	–	6,558
	BCG Chinastar	–	12,980
Total		–	19,538
Dividends payable	Reco Ziyang	109,253	109,253
	Jiayuan Hongye	23,900	–
Total		133,153	109,253

(viii) As at 31 December 2017, borrowings from BCG Chinastar of the Group amounted to USD60,000,000 and NZD30,000,000 with annual interest rate of 3.76% and 3.6% respectively, unpledged and unguaranteed, and the borrowing period is from 8 May 2017 to 28 February 2018. As at 31 December 2018, the Group had repaid the principal and interests of the borrowing mentioned above.

Except for the payables above, the other payables due to related parties were interest free, unmortgaged and unguaranteed, and with no fixed maturity date.

(7) Remuneration payable to the Board of directors (Note 4(26)):

	31 December 2018	31 December 2017
Remuneration	26,550	24,168

9. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)***(8) Remuneration and interests to Directors****(a) Remuneration to Directors, Supervisors and CEO**

Directors' and supervisors' emoluments for 2018 are as follows:

Name	Allowance	Salary	Others	Basic pension insurance	Housing funds	The long-term incentive fund scheme	Total
Li Songping	181	-	-	-	-	-	181
Zhong Beichen (i)	-	1,641	96	55	35	880	2,707
Li Xiaobin	-	1,183	96	55	35	880	2,249
Hu Weimin (ii)	-	1,698	96	55	35	880	2,764
Fan Shubin (iii)	-	1,383	96	55	35	880	2,449
Su Jian	181	-	-	-	-	-	181
Li Wang	270	-	-	-	-	-	270
Huang Yizhong	270	-	-	-	-	-	270
Liu Xin	270	-	-	-	-	-	270
Jiang Hebin	-	3,101	96	55	35	-	3,287
Tang Jun (iv)	-	1,137	45	18	11	-	1,211
Su Zhaohui (v)	181	-	-	-	-	-	181
Sun Shaolin (vi)	181	-	-	-	-	-	181
Li Zhang (vii)	54	-	-	-	-	-	54
Tang Yanan (viii)	54	-	-	-	-	-	54

(i) The director is appointed as at 27 April 2018.

(ii) The director is appointed as at 27 April 2018.

(iii) The director is appointed as at 27 April 2018.

(iv) The director is retired as at 27 April 2018.

(v) The director is retired as at 27 April 2018.

(vi) The director is retired as at 27 April 2018.

(vii) The supervisor is retired as at 27 April 2018.

(viii) The supervisor is retired as at 27 April 2018 and reappointed as at 26 July 2018.

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FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

9. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(8) Remuneration and interests to Directors *(Continued)*

(a) Remuneration to Directors, Supervisors and CEO *(Continued)*

Directors' and supervisors' emoluments for 2017 are as follows:

Name	Allowance	Salary	Others	Basic pension insurance	Housing funds	The long-term incentive fund scheme	Total
Li Songping	570	-	-	-	-	-	570
Tang Jun	-	1,482	93	51	32	10,000	11,658
Li Xiaobin (i)	-	436	63	30	19	-	548
Su Zhaohui (ii)	97	-	-	-	-	-	97
Sun Shaolin	570	-	-	-	-	-	570
Su Jian	570	-	-	-	-	-	570
Li Wang	270	-	-	-	-	-	270
Huang Yizhong	270	-	-	-	-	-	270
Liu Xin (iii)	20	-	-	-	-	-	20
Li Zhang	170	-	-	-	-	-	170
Tang Yanan	170	-	-	-	-	-	170
Jiang Hebin	-	2,880	88	51	32	955	4,006
Yang Weibin (iv)	276	-	-	-	-	-	276
Sun Baojie (v)	473	-	-	-	-	-	473
Wang Hong (vi)	250	-	-	-	-	-	250

- (i) The director is appointed as at 27 June 2017.
- (ii) The director is appointed as at 31 October 2017.
- (iii) The director is appointed as at 5 December 2017.
- (iv) The director is resigned as at 27 June 2017.
- (v) The director is resigned as at 31 October 2017.
- (vi) The director is resigned as at 4 December 2017.

9. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(8) Remuneration and interests to Directors *(Continued)*

- (b) In 2018, the Company did not pay any termination benefits to directors.
- (c) In 2018, the Company did not pay consideration for the third party to gain directors' services.
- (d) In 2018, the Company did not provide borrowings, pre-borrowings or other transactions for directors or legal entity controlled by directors.
- (e) **Directors' significant interests in transaction, arrangement or contract**
- In 2018, the Company did not sign any significant transactions, arrangements or contracts which are related to the Company's business and directors' direct or indirect interests.

(9) The five individuals whose emoluments are the highest

The five individuals whose emoluments are the highest in the Group for 2018 include neither directors nor supervisors (2017: 1 director and 1 supervisor) whose emoluments are disclosed above. The emoluments paid to other 5 individuals (2017: 3) during 2018 are as follows:

	2018	2017
Basic salaries, bonus, basic pension insurance, the long-term incentive fund scheme and other allowances	28,744	20,969

	Number of individuals	
	2018	2017
Emoluments bands:		
RMB0-4,000,000	-	-
RMB4,000,001-7,000,000	5	1
RMB7,000,001-10,000,000	-	2

The emoluments above include the long-term incentive fund scheme.

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FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

10. CONTINGENCIES

The Group has arranged bank financing for certain customers and has provided guarantees to secure repayments obligations of these customers.

The Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. These guarantees will be expired when relevant property ownership certificates are lodged with the various banks by the purchasers. As at 31 December 2018, outstanding guarantees amounted to RMB7,284,277,000 (31 December 2017: RMB7,966,533,000).

11. COMMITMENTS

(1) Capital commitments

- (a) Capital expenditures contracted for but not yet necessary to be recognized in the balance sheet by the Group at the balance sheet date are as follows:

	31 December 2018	31 December 2017
Authorized but not contracted	19,126,536	23,770,089
Contracted but not paid	4,113,115	7,732,601
Total	23,239,651	31,502,690

- (b) The Group's percentage shared on the commitments of joint ventures are as follows:

	31 December 2018	31 December 2017
Authorized but not contracted	5,169,187	3,559,293
Contracted but not paid	2,086,735	1,322,201
Total	7,255,922	4,881,494

11. COMMITMENTS (Continued)

(2) Operating lease commitments

According to the irrevocable operating leases contracts signed, the minimum of Group's future lease payments are as follows:

	31 December 2018	31 December 2017
Within 1 year	10,526	9,271
1 to 2 years	6,300	202
2 to 3 years	585	164
Total	17,411	9,637

(3) Investment commitments

	31 December 2018	31 December 2017
Investment for acquisition of subsidiaries	1,324,681	1,320,000
Tianjin Ruihe Real Estate Co., Ltd.	1,140,000	-
Hangzhou Rongxiang Real Estate Co., Ltd.	640,000	-
Beijing Liangma Real Estate Co., Ltd.	60,000	-
Jinhaihu Culture Tourism	-	343,000
Tianjin Jiqing	-	15,000
Tengtai Yiyuan	-	216,000
Total	3,164,681	1,894,000

12. FINANCIAL INSTRUMENT AND RISK

The Group's activities expose it to a variety of financial risks, including credit risk, liquidity risk, and market risk (foreign exchange risk, interest rate risk and other price risk). The financial risks and the Group's overall risk management program focusing on the financial risks are summarized as follows:

The board of directors is responsible for planning and establishing the risk management structure of the Group, formulating risk management policies and related guidelines and supervising the implementation of risk management measures. The Group has established risk management policies to identify and analyze the risks the Group exposed to. The risk management policies has clearly defined specific risks, covering market risk, credit risk and liquidity risk management, etc. To update the risk management policies and systems, the Group regularly assesses its operating activities and the market environment. The Risk Management Committee carries out the risk management in accordance with the policies approved by the Board of Directors. The Risk Management Committee identifies, evaluates and circumvents related risks through close cooperation with other business units of the Group. The internal audit department of the Group conducts regular audits on risk management controls and procedures, and reports the audit results to the audit committee of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

12. FINANCIAL INSTRUMENT AND RISK *(Continued)*

(1) Market risk

(a) Foreign exchange risk

The Group's major operational activities are carried out in Mainland China and a majority of the transactions are dominated in RMB. The Group is still subject to foreign exchange risk arising from future commercial transactions, recognized assets and liabilities in foreign currency (most of the Group's foreign currency transactions and balances are dominated in USD, HKD, AUD and Euro ("EUR")). Financial department in the Group's headquarter is responsible for monitoring the amount of assets and liabilities, and transactions denominated in foreign currencies to minimize potential foreign exchange risk. Therefore the management of the Group may consider entering into forward exchange contracts or currency swap contracts to mitigate the foreign exchange risk.

As at 31 December 2018 and 31 December 2017, the carrying amounts in equivalent RMB of the Group's assets and liabilities denominated in foreign currencies are summarized as follows:

	31 December 2018				Total
	USD	HKD	AUD	EUR	
Financial assets denominated in foreign currencies					
Cash at bank and on hand	30,243	445,385	1,930	5,574	483,132
Trading financial assets	-	-	2,950,405	-	2,950,405
Other non-current financial assets	-	-	1,060,729	-	1,060,729
Total	30,243	445,385	4,013,064	5,574	4,494,266
Financial liabilities denominated in foreign currencies					
Short-term borrowings	-	438,982	-	-	438,982
Other payables	58,269	438	-	-	58,707
Debentures payable	9,570,210	-	-	-	9,570,210
Long-term borrowings	-	1,141,352	-	-	1,141,352
Total	9,628,479	1,580,772	-	-	11,209,251

12. FINANCIAL INSTRUMENT AND RISK (Continued)

(1) Market risk (Continued)

(a) Foreign exchange risk (Continued)

	31 December 2017					Total
	USD	HKD	AUD	EUR	NZD	
Financial assets denominated in foreign currencies						
Cash at bank and on hand	190,472	67,634	304,231	271,648	-	833,985
Long-term receivables	-	-	3,715,179	-	-	3,715,179
Total	190,472	67,634	4,019,410	271,648	-	4,549,164
Financial liabilities denominated in foreign currencies						
Short-term borrowings	224,743	-	-	-	-	224,743
Other payables	463,032	7,352	-	-	140,013	610,397
Debentures payables	3,234,027	-	-	-	-	3,234,027
Long-term borrowings due within 1 year	-	1,084,508	-	-	-	1,084,508
Total	3,921,802	1,091,860	-	-	140,013	5,153,675

As at 31 December 2018, since the foreign exchange risk of part of the USD debentures payable has been offset by the purchased cap currency swap contracts, for the other USD dominated financial assets and liabilities, if RMB had increased/decreased by 5% against USD with all other variables held constant, post-tax profit for the year would have been increased/decreased by approximately RMB1,401,000 (31 December 2017: increase/decrease by approximately RMB24,865,000).

As at 31 December 2018, since the foreign exchange risk of part of the HKD borrowings is offset by the purchased cap currency swap contracts, for the other HKD dominated financial assets and liabilities, if RMB had increased/decreased by 5% against HKD with all other variables held constant, post-tax profit for the year would have been decreased/increased by approximately RMB298,000 (31 December 2017: decrease/increase by approximately RMB3,014,000).

As at 31 December 2018, since the foreign exchange risk of the investment of real estate projects in Australia has been offset by the purchased forward contracts, for all the other AUD dominated financial assets, if RMB had increased/decreased by 5% against AUD with all other variables held constant, post-tax profit for the year would have been decreased/increased by approximately RMB97,000 (31 December 2017: decrease/increase by RMB15,212,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

12. FINANCIAL INSTRUMENT AND RISK *(Continued)*

(1) Market risk *(Continued)*

(b) Interest rate risk

The Group has exposed to interest rate risk mainly generated from long-term interest bearing borrowings such as long-term borrowings and debentures payable. Borrowings issued at floating interest rates expose the Group to cash flow interest-risk, and borrowings issued at fixed rates expose the Group to fair value interest-rate risk. The Group determines the contracts proportions of fixed rate and floating rate depending on the market conditions. As at 31 December 2018, the Group's long-term interest bearing borrowings were mainly RMB-denominated with floating rates, amounting to RMB23,509,562,000 (31 December 2017: RMB22,138,430,000).

The financial department of the headquarters continuously monitors the Group's interest rate condition. Increases in interest rates will increase the cost of new borrowing and the interest expenses of to the Group's outstanding borrowings with floating rate, and therefore could have a material adverse impact on the Group's financial position. The Group's finance department of its headquarters continuously monitors the interest rate position of the Group and makes decisions with reference to the latest market conditions. The management of the Group may enter into interest rate swap agreements to mitigate its exposure to interest rate risk.

As at 31 December 2018, if interest rates of borrowings with floating rate increased/decreased by 0.5% with all other variables held constant, the profit for the year of the Group would decrease/increase by approximately RMB117,548,000 (31 December 2017: decrease/increase by approximately RMB110,692,000).

(c) Other price risk

Other price risks of the Group are mainly generated from trading and other equity instrument investments and other non-current financial assets exposed to the risk of price fluctuation.

As at 31 December 2018, for all equity instrument investments, if the expected price increase/decrease 5% with all other variables held constant, post-tax profit for the year would have been increased/decreased by approximately RMB312,523,000 (31 December 2017: increase/decrease by approximately RMB3,692,000); other comprehensive income for the year would have been increased/decreased by approximately RMB14,414,000 (31 December 2017: increase/decrease by approximately RMB129,523,000).



12. FINANCIAL INSTRUMENT AND RISK *(Continued)*

(2) Credit risk

The Group's credit risk mainly arises from cash at bank and on hand, notes and trade receivables, other receivables, contract assets, debt investments, and investment in debt instruments at fair value through profit or loss which are not included in impairment assessment and derivative financial assets.

Since cash at bank of the Group are mainly deposited at state-owned banks and other large and medium-sized listed banks, which have high reputation and credit rating. The Group expects no significant credit risk associated and that there would not be any significant losses due to non-performance by these counterparties.

In addition, the Group has policies to limit the credit risk exposure on trade receivables, other receivables and contract assets. The Group assesses the credit quality and sets credit limits on its customers by taking into account their financial position, the availability of guarantee from third parties, their credit history and other factors such as current market conditions. The credit history of the customers is regularly monitored by the Group. In respect of customers with a poor credit history, the Group will use payment reminders, reducing or canceling credit periods, to ensure the overall credit risk of the Group is limited to a controllable range.

As at 31 December 2018, the Group has no significant collateral and other credit enhancement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

12. FINANCIAL INSTRUMENT AND RISK *(Continued)*

(3) Liquidity risk

Cash flow forecasting is performed by each subsidiary of the Group and aggregated by the Group's finance department in its headquarter. On such basis, the Group's finance department at its headquarter monitors rolling forecasts of the Group's short-term and long-term liquidity requirements to ensure it has sufficient cash and securities that are readily convertible to cash to meet operational needs, while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institution so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities to meet the short-term and long-term liquidity requirements.

The financial liabilities of the Group at the balance sheet date at their undiscounted contractual cash flows by their maturity date are analyzed below:

	31 December 2018				Total
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Short-term borrowings	2,827,601	–	–	–	2,827,601
Payables	19,880,970	–	–	–	19,880,970
Long-term borrowings	2,098,360	15,941,076	20,883,538	6,147,994	45,070,968
Debentures payable	1,220,833	8,721,162	18,372,285	–	28,314,280
Long-term payables	97,500	1,620,638	27,001	–	1,745,139
Current portion of non-current liabilities	21,242,868	–	–	–	21,242,868
Total	47,368,132	26,282,876	39,282,824	6,147,994	119,081,826

	31 December 2017				Total
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Short-term borrowings	1,887,990	–	–	–	1,887,990
Payables	16,010,801	–	–	–	16,010,801
Long-term borrowings	1,254,472	4,968,348	15,471,005	5,625,852	27,319,677
Debentures payable	538,210	5,631,940	7,329,058	–	13,499,208
Long-term payables	396,958	3,915,483	2,760,200	–	7,072,641
Current portion of non-current liabilities	24,458,157	–	–	–	24,458,157
Total	44,546,588	14,515,771	25,560,263	5,625,852	90,248,474

12. FINANCIAL INSTRUMENT AND RISK *(Continued)*

(3) Liquidity risk *(Continued)*

As at 31 December 2018, the financial derivative assets of the Group at the balance sheet date at their undiscounted contractual cash flows by their maturity date are analyzed below:

- (a) In 2019, sell AUD672,582,000 to exchange RMB3,403,893,000.
- (b) In 2020, sell AUD117,640,000 to exchange RMB626,929,000.
- (c) In 2021, sell AUD206,128,000 to exchange RMB1,112,471,000.

Bank and other borrowings analyzed by repayment terms are as follows:

	31 December 2018		31 December 2017	
	Bank borrowings	Debentures and other borrowings	Bank borrowings	Debentures and other borrowings
Within 1 year	8,549,254	14,870,340	11,741,626	13,883,158
1 to 2 years	14,149,220	9,292,635	3,799,200	8,835,898
2 to 5 years	19,963,885	17,624,568	15,238,349	9,921,422
Over 5 years	4,099,867	–	3,035,000	–
Total	46,762,226	41,787,543	33,814,175	32,640,478

According to the terms of individual housing mortgage loans, the Group provides temporary guarantee to the mortgage loans provided by the banks to the customers, who purchase the Group's available-for-sell properties by housing mortgage. The guarantee would expire after the customers obtain owners certification or other relevant warrant and completing the registration of mortgage on properties. As at 31 December 2018 and 31 December 2017, the balance of such guarantee refers to note 10.

13. FAIR VALUE ESTIMATES

The level of fair value measurement result is determined by the lowest level of the input value, which is of great significance to the overall fair value measurement.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs).

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13. FAIR VALUE ESTIMATES *(Continued)*

(1) Assets/(liabilities) measured at fair value on an ongoing basis

As at 31 December 2018, the financial assets/(liabilities) measured at fair value on an ongoing basis by three levels are analyzed below:

	Level 1	Level 2	Level 3	Total
Financial assets:				
Trading financial assets –				
Investment of real estate projects in Australia due within one year	–	–	2,950,405	2,950,405
Investment Funds operated by Capital Securities	32,575	–	–	32,575
Investment Funds operated by First Capital Securities	41,270	–	–	41,270
Other non-current financial assets –				
Tiancheng Yongtai	–	–	2,165,471	2,165,471
Investment of real estate projects in Australia over one year	–	–	1,060,729	1,060,729
Derivative financial assets –				
Forward foreign exchange contract	–	262,202	–	262,202
Other equity instrument investments –				
Equity interests of UCOMMUNE	–	–	238,283	238,283
Equity interests of CDB Siyuan	–	–	50,000	50,000
Total financial assets	73,845	262,202	6,464,888	6,800,935
Non-financial assets:				
Investment properties –				
North region	–	–	11,662,541	11,662,541
Central region	–	–	6,314,400	6,314,400
South region	–	–	1,102,000	1,102,000
Total non-financial assets	–	–	19,078,941	19,078,941
Total assets	73,845	262,202	25,543,829	25,879,876
Financial liabilities:				
Trading financial liabilities –				
Capped cross currency swap instrument	–	(15,849)	–	(15,849)
Derivative financial liabilities –				
Cross currency interest rate swap instrument	–	(32,871)	–	(32,871)
Total financial liabilities	–	(48,720)	–	(48,720)

13. FAIR VALUE ESTIMATES (Continued)

(1) Assets/(liabilities) measured at fair value on an ongoing basis (Continued)

As at 31 December 2017, the financial assets/(liabilities) measured at fair value on an ongoing basis by three levels are analyzed below:

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss –				
Investment Funds operated by Capital Securities	73,844	–	–	73,844
Available-for-sale financial assets – Tiancheng Yongtai	–	–	2,320,462	2,320,462
Total financial assets	73,844	–	2,320,462	2,394,306
Non-financial assets:				
Investment properties –				
North region	–	–	11,097,501	11,097,501
Central region	–	–	4,844,240	4,844,240
South region	–	–	1,078,000	1,078,000
Total non-financial assets	–	–	17,019,741	17,019,741
Total assets	73,844	–	19,340,203	19,414,047
Financial liabilities:				
Financial liabilities at fair value through profit or loss –				
Derivative financial liabilities	–	(235,605)	–	(235,605)
	–	(138,572)	–	(138,572)
Total financial liabilities	–	(374,177)	–	(374,177)

The Group recognizes transfers into and transfers out of fair value hierarchy levels as of the date of the event that caused the transfer. There was no transfer occurred among level 1 and 2 during the period.

The fair value of financial instruments traded in active markets is based on quoted market prices in active markets. The fair value of financial instruments that are not traded in an active market is determined by valuation techniques. Specific valuation techniques mainly include discounted cash flow analysis and so on. The inputs in those valuation techniques mainly include risk-free rate, benchmark interest rate and exchange rate.

NOTES TO THE FINANCIAL STATEMENTS

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13. FAIR VALUE ESTIMATES *(Continued)*

(1) Assets/(liabilities) measured at fair value on an ongoing basis *(Continued)*

The Group obtains independent valuations for investment properties from an independent professional appraiser as a third party. The valuations are based on income capitalization and residual approach which mainly uses input such as market rent and its growth rate, discount rate, interest rate and profit rate, etc.

The change of assets in level 3 are as follows:

	Investment properties			Total
	North region	Central region	South region	
As at 1 January 2018	11,097,501	4,844,240	1,078,000	17,019,741
Additions	1,264,937	741,708	–	2,006,645
Reductions	(1,276,000)	(9,266)	–	(1,285,266)
Transferred from investment properties at cost	–	665,615	–	665,615
Transferred from inventories	349,646	–	–	349,646
Gains recognized in profit or loss	225,416	72,103	24,000	321,519
Gains recognized in other comprehensive income	1,041	–	–	1,041
As at 31 December 2018	11,662,541	6,314,400	1,102,000	19,078,941
Realized gains recognized in current profit or loss	458,119	435	–	458,554
Unrealized gains recognized in current profit or losses – Gains from changes in fair value	225,416	72,103	24,000	321,519

	Trading	Other non-current	Other equity	Total
	financial assets	financial assets	instrument investments	
1 January 2018	1,442,577	4,666,908	270,000	6,379,485
Additions	41,270	172,068	–	213,338
Reductions	(482,573)	–	(20,000)	(502,573)
Reclassification	1,789,487	(1,789,487)	–	–
Realized gains recognized in current profit or loss	233,489	331,702	–	565,191
Unrealized losses recognized in current profit or loss	–	(154,991)	–	(154,991)
Gains recognized in other comprehensive income	–	–	38,283	38,283
31 December 2018	3,024,250	3,226,200	288,283	6,538,733



13. FAIR VALUE ESTIMATES (Continued)

(1) Assets/(liabilities) measured at fair value on an ongoing basis (Continued)

	Investment properties			Total
	North region	Central region	South region	
As at 1 January 2017	10,279,501	2,984,950	1,133,000	14,397,451
Additions	997,108	498,786	–	1,495,894
Reductions	–	(652)	–	(652)
Transferred from investment properties at cost	–	1,121,335	–	1,121,335
Transferred from inventories	–	59,675	–	59,675
Gains/(Losses) recognized in profit or loss	149,892	179,091	(55,000)	273,983
Gains recognized in other comprehensive income	–	1,055	–	1,055
Assets classified as held for sale	(329,000)	–	–	(329,000)
As at 31 December 2017	11,097,501	4,844,240	1,078,000	17,019,741
Realized gains or losses recognized in current profit or loss	–	126	–	126
Unrealized gains or losses recognized in current profit or loss				
– Gains from changes in fair value	149,892	179,091	(55,000)	273,983

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13. FAIR VALUE ESTIMATES (Continued)

(1) Assets/(liabilities) measured at fair value on an ongoing basis (Continued)

Information about fair value measurements in level 3 are as follows:

Investment properties	Fair value as at 31 December 2018	Valuation techniques	Unobservable inputs			
			Name	Range/weighted average	Relationship of unobservable inputs of fair value	
North region	11,662,541	Income approach	Discount rate	3.5% to 7%	The higher discount rate, the lower fair value.	
			Market rents	RMB32 to RMB516 per square metre per month	The higher market rent, the higher fair value.	
			Residual approach	Interest rate	4.35%	The higher interest rate, the lower fair value.
			Profit rate	1.07% to 10%	The higher profit rate, the lower fair value.	
Central region	6,314,400	Income approach	Discount rate	5.5% to 7%	The higher discount rate, the lower fair value.	
			Market rents	RMB30 to RMB154 per square metre per month	The higher market rent, the higher fair value.	
			Residual approach	Interest rate	4.35%	The higher interest rate, the lower fair value.
			Profit rate	12%	The higher profit rate, the lower fair value.	
South region	1,102,000	Income approach	Discount rate	6.5% to 7%	The higher discount rate, the lower fair value.	
			Market rents	RMB52 to RMB88 per square metre per month	The higher market rent, the higher fair value.	

13. FAIR VALUE ESTIMATES (Continued)

(1) Assets/(liabilities) measured at fair value on an ongoing basis (Continued)

Investment properties	Fair value as at 31 December 2018	Valuation techniques	Unobservable inputs		
			Name	Range/weighted average	Relationship of unobservable inputs of fair value
Trading financial assets Investment of real estate projects in Australia due within one year	2,950,405	Discounted future cash flow	Discount rate	Contract annualized yield	The higher discount rate, the lower fair value
Other non-current financial assets Investment of real estate projects in Australia over one year	1,060,729	Discounted future cash flow	Discount rate	Contract annualized yield	The higher discount rate, the lower fair value
Tiancheng Yongtai	2,165,471	Market approach	Contract price	RMB28,878 to RMB58,200 per square metre	The higher contract price, the higher fair value
Other equity instrument investments Equity interests of UCOMMUNE	238,283	Market approach	Equity valuation	Fair value of net assets of UCOMMUNE multiplied by interests held according to the latest capital injection agreement	The higher equity valuation, the higher fair value

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FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

13. FAIR VALUE ESTIMATES (Continued)

(1) Assets/(liabilities) measured at fair value on an ongoing basis (Continued)

Investment properties	Fair value as at 31 December 2017	Valuation techniques	Unobservable inputs			
			Name	Range/weighted average	Relationship of unobservable inputs of fair value	
North region	11,097,501	Income approach	Discount rate	6% to 8%	The higher discount rate, the lower fair value.	
			Market rents	RMB40 to RMB535 per square metre per month	The higher market rent, the higher fair value.	
			Residual approach	Interest rate	4.35% to 4.75%	The higher interest rate, the lower fair value.
			Profit rate	10% to 28%	The higher profit rate, the lower fair value.	
Central region	4,844,240	Income approach	Discount rate	6.5% to 7.5%	The higher discount rate, the lower fair value.	
			Market rents	RMB37 to RMB130 per square metre per month	The higher market rent, the higher fair value.	
			Residual approach	Interest rate	4.35% to 4.75%	The higher interest rate, the lower fair value.
			Profit rate	15% to 25%	The higher profit rate, the lower fair value.	
South region	1,078,000	Income approach	Discount rate	7% to 7.5%	The higher discount rate, the lower fair value.	
			Market rents	RMB53 to RMB88 per square metre per month	The higher market rent, the higher fair value.	
Available-for-sale financial assets						
Tiancheng Yongtai	2,320,462	Market approach	Contract price	RMB28,878 to RMB58,200 per square metre	The higher contract price, the higher fair value	



13. FAIR VALUE ESTIMATES (Continued)

(1) Assets/(liabilities) measured at fair value on an ongoing basis (Continued)

Information about the fair value measurement of level 2 are as follows:

	Fair value as at 31 December 2018	Valuation techniques	Observable input	
			Name	Range/weighted average
Derivative financial assets	262,202	Discounted future cash flow	AUD forward exchange rate at balance sheet date	4.8522 to 4.9416
Trading financial liabilities	15,849	Discounted future cash flow	Discounted rate Discount curves	1.75% to 2.21% Discount rate for period from two to three years (currency include USD and RMB)
			Forward exchange rate	Forward exchange rate for each forward contract from the valuation date to the maturity date
Derivative financial liabilities	32,871	Black Scholes formula, discounted future cash flow	Cross currency interest rate swap	Observable exchange rate, interest rate and volatility level

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13. FAIR VALUE ESTIMATES *(Continued)*

(1) Assets/(liabilities) measured at fair value on an ongoing basis *(Continued)*

	Fair value as at 31 December 2017	Valuation techniques	Observable input	
			Name	Range/weighted average
Financial derivative liabilities	138,572	Discounted future cash flow	AUD forward exchange rate at balance sheet date	5.0871 to 5.4316
			Discounted rate	1.53% to 2.42%
		Discounted future cash flow	HKD forward exchange rate at balance sheet date	1.1686 to 1.1687
Trading financial liabilities	235,605	Discounted future cash flow	Discounted rate	1.47%
			Discount curves	Discount rate for period from one day to three years (currency include USD, HKD, NZD and RMB)
			Forward exchange rate	Forward exchange rate for each forward contract from the valuation date to the maturity date

13. FAIR VALUE ESTIMATES *(Continued)***(2) Assets measured at fair value not on an ongoing basis**

The non-current assets held for sale are stated at the lower of carrying amount and fair value less costs to sell. As at 31 December 2018, the non-current assets held for sale measured at fair value of the Group amounted to RMB73,244,000 (31 December 2017: RMB338,921,000).

The assets held-for-sale measured at fair value less costs to sell, including long-term equity investments amounted to RMB73,244,000. Fair value is valued based on the signed equity transfer agreement. This situation belongs to Level 3.

Financial assets and liabilities measured at amortized cost mainly include receivables, short-term borrowings, payables, long-term borrowings, debentures payable and long-term payables.

Except for the financial assets and liabilities listed below, the carrying amount of other financial assets and liabilities not measured at fair value is a reasonable approximation of their fair value:

	31 December 2018		31 December 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Long-term borrowings	20,506,000	21,252,592	12,736,000	12,888,452
Debentures payable	35,560,543	35,560,543	23,734,705	23,734,705
Long-term payables	6,227,001	6,313,216	8,905,775	9,096,802
Total	62,293,544	63,126,351	45,376,480	45,719,959

The fair value of long-term borrowings and debentures payable without active market price are determined by the present value of the contracted future cash flow, which is calculated using the discount rate in the market of comparable credit rating that can provide much the same cash flows in the same conditions. This situation belongs to Level 3.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

14. CAPITAL MANAGEMENT

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

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

Same as other companies in this industry, the group monitors capital on the basis of the asset-liability ratio. This ratio is calculated as total liabilities divided by total assets.

The asset-liability ratios as at 31 December 2018 and 31 December 2017 were as follows:

	31 December 2018	31 December 2017
Total liabilities	131,516,141	109,489,636
Total assets	169,716,823	141,421,169
Asset-liability ratio	77%	77%

15. NOTES TO THE COMPANY FINANCIAL STATEMENTS

(1) Other receivables

	31 December 2018	31 December 2017 (Restated)
Receivables due from subsidiaries (i)	62,448,540	30,318,091
Receivables due from other related parties	4,868,712	1,656,625
Tender bonds and other guarantee deposits	49,600	42,900
Interests receivable	–	26,235
Others	15,275	18,781
Total	67,382,127	32,062,632
Less: provisions for doubtful debts	(24,000)	(24,000)
Net	67,358,127	32,038,632

- (i) As at 31 December 2018, the loan from the Company to subsidiary Hainan Outlets Tourism amounted to RMB246,862,000 (31 December 2017: RMB338,920,000) with interest rate of 5.66%, with no fixed maturity date; and the loan from the Company to subsidiary Chengdu Ruihua amounted to RMB980,000,000 (31 December 2017: Nil) with interest rate of 10%, no fixed maturity date.

Except for the receivables above, the other receivables due to related parties were interest free, unmortgaged and unguaranteed, and with no fixed maturity date.

15. NOTES TO THE COMPANY FINANCIAL STATEMENTS (Continued)

(1) Other receivables (Continued)

(a) The aging of other trade receivables is analyzed as follows:

	31 December 2018	31 December 2017 (Restated)
Within 1 year	49,879,058	17,359,944
1 to 2 years	11,178,010	9,912,240
2 to 3 years	4,445,861	3,942,423
Over 3 years	1,879,198	848,025
Total	67,382,127	32,062,632

(b) Loss provision and changes in book value:

	First stage		Third stage			Total		
	Expected credit loss over the next 12 months (grouping)		Expected credit loss over the next 12 months (separate)		Sub-total		Expected credit loss for the Lifetime (impairment has occurred)	
	Carrying amount	Provisions	Carrying amount	Provisions			Provisions	Carrying amount
31 December 2017	31,974,716	-	63,916	-	-	24,000	(24,000)	(24,000)
Additions	35,342,536	-	-	-	-	-	-	-
Reductions	-	-	(23,041)	-	-	-	-	-
31 December 2018	67,317,252	-	40,875	-	-	24,000	(24,000)	(24,000)

As at 31 December 2018, there is no significant expected loss for other receivables at the first stage and no provision for doubtful debts has been recognized.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

15. NOTES TO THE COMPANY FINANCIAL STATEMENTS (Continued)

(1) Other receivables (Continued)

(b) Loss provision and changes in book value: (Continued)

As at 31 December 2018, the analysis of bad debt provision for other receivables in the third stage are as follows:

	Book value	Lifetime expected credit loss rate	Provision for doubtful debts
Separate provision: Receivables from Beijing Gehua Culture Development Co., Ltd (hereinafter "Gehua Group")	24,000	100	(24,000)

As at 31 December 2018, the loans from the Company to Gehua Group amounted to RMB24,000,000 (31 December 2017: RMB24,000,000). The Group expected that the receivable would not be collected, so a full provision for impairment is recognized.

- (c) No provision for doubtful debts is accrued during this year and no provision for doubtful debts is recovered or reversed.
- (d) No other receivable is written off during this year.

(2) Long-term equity investments

	31 December 2018	31 December 2017
Subsidiaries (a)	6,474,284	5,120,939
Joint ventures (b)	197,824	180,366
Associates (c)	270,047	234,504
Total	6,942,155	5,535,809
Less: impairment of long-term equity investment	–	–
Net	6,942,155	5,535,809

There is no significant restriction on sale of the long-term equity investments and collection of the investment income for the Company.

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15. NOTES TO THE COMPANY FINANCIAL STATEMENTS (Continued)

(2) Long-term equity investments (Continued)

(a) Subsidiaries

	31 December 2017	Changes in this year				31 December 2018	Provision for impairment balance	Dividends declared in this year
		Increase in investment	Decrease in investment	Provisions for impairment	Others			
S.C	734,095	-	-	-	-	734,095	-	89,000
IFC	20,480	-	-	-	-	20,480	-	-
Central Plaza	39,466	-	-	-	-	39,466	-	-
Beijing Sunshine Jindu Properties Co., Ltd.	369,970	-	-	-	-	369,970	-	-
Beijing Capital Xinzi Real Estate Ltd.	642,625	-	-	-	-	642,625	-	-
Anhua Shiji	136,303	-	-	-	-	136,303	-	-
Shangboya	30,000	-	-	-	-	30,000	-	514,000
Beijing Xiangneng	500,000	-	-	-	-	500,000	-	-
Jiangsu Capital	60,375	-	(210)	-	-	60,165	-	-
Capital Chengdu	150,000	-	-	-	-	150,000	-	-
Sunshine City	82,766	-	-	-	-	82,766	-	-
Wuxi Xindong	100,000	-	-	-	-	100,000	-	-
Beijing Ruiyuan Fengxiang Real Estate Co., Ltd.	10,000	-	-	-	-	10,000	-	85,000
Ruiyuan Fengji	10,000	-	-	-	-	10,000	-	277,000
Capital Guoxin Asset Management Co., Ltd.	100,000	-	-	-	-	100,000	-	-
Haikou Capital Xinye Investment Co., Ltd.	10,000	-	-	-	-	10,000	-	-
BECL	67,296	-	-	-	-	67,296	-	-
Shanghai Zhengheng	10,000	-	-	-	-	10,000	-	265,000
Beijing Dongqi Jinzhao Infrastructure Investment Co., Ltd.	30,000	-	-	-	-	30,000	-	-
Zhongzhi Dingfu	100,000	-	-	-	-	100,000	-	-
Yongyuan Jintai	216,530	-	-	-	-	216,530	-	-
Tianjin Jiaming	60,000	-	-	-	-	60,000	-	-
Donghuan Xinrong	1,064,065	-	-	-	-	1,064,065	-	52,000
Beijing Zhongrui Kaihua Investment Management Co., Ltd.	10,000	-	-	-	-	10,000	-	-
Juyuan Xincheng Investment	500,000	-	-	-	-	500,000	-	-
Capital Culture Development	-	60,000	-	-	-	60,000	-	-
Prime Golden Capital	-	300,000	-	-	-	300,000	-	-
Tiancheng Yongyuan	-	998,555	-	-	-	998,555	-	-
Others	66,968	-	-	-	(5,000)	61,968	-	311,000
Total	5,120,939	1,358,555	(210)	-	(5,000)	6,474,284	-	1,593,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

15. NOTES TO THE COMPANY FINANCIAL STATEMENTS (Continued)

(2) Long-term equity investments (Continued)

(b) Joint ventures

	31 December 2017	Changes in this year								31 December 2018	Provisions for impairment balance
		Increase in investment	Decrease in investment	Share of net (loss)/ profit	Share of other comprehensive income	Other equity changes	Cash dividend declared	Provisions for impairment	Others		
Beijing Wanzhu	58,895	-	-	(9,957)	-	-	-	-	-	48,938	-
Tonghua Qiangyu	-	-	-	14,365	-	-	-	-	-	14,365	-
Zhuhai Hengqin Fund Management Company	29,344	-	-	2,023	-	-	-	-	-	31,367	-
Shangbodi	92,127	-	-	11,027	-	-	-	-	-	103,154	-
Total	180,366	-	-	17,458	-	-	-	-	-	197,824	-

(c) Associates

	31 December 2017	Changes in this year								31 December 2018	Provisions for impairment balance
		Increase in investment	Decrease in investment	Share of net profit/ (loss)	Share of other comprehensive income	Other equity changes	Cash dividend declared	Provisions for impairment	Others		
Golden Net Sunshine City Commercial	13,253	-	-	24	-	-	-	-	-	13,277	-
Kaiyuan Hean	221,251	-	-	28,966	-	-	-	-	-	250,217	-
	-	-	-	-	-	-	-	-	6,553	6,553	-
Total	234,504	-	-	28,990	-	-	-	-	6,553	270,047	-

15. NOTES TO THE COMPANY FINANCIAL STATEMENTS *(Continued)***(3) Other payables**

	31 December 2018	31 December 2017 (Restated)
Payables to subsidiaries	26,691,360	1,924,907
Payables to other related parties	–	663,689
Payables for routine business	2,021,702	207,896
Interests payable due to debentures payable	577,225	347,149
Interests payable due to borrowings	15,420	81,842
Dividends payable of other equity instruments	422,697	86,077
Total	29,728,404	3,311,560

(4) Other equity instruments

In September 2018, Sino-Australian International Trust Co., Ltd. (hereinafter “Sino-Australian Trust”) set up a special asset management plan to raise a total amount of RMB870,000,000. According to the Investment Agreement, the raised funds are subject to no fixed repayment terms. Unless the Company declares dividend, the Company may elect to defer the distribution without any frequency limitations. Within 12 months from value date, the company shall not exercise the right of deferred interest and the frequency of deferring interest is not restricted. In addition, there is no contracted obligation for the Company to repay the principal and distribute the interests. As a result, this asset management plan complied the definition of equity instrument and were recognized as other equity instrument in the consolidated level and in the Company financial statement. The dividends will be treated as profit distribution. As at 31 December 2018, amounted of RMB796,050,000 was recognized as other equity instrument after deducting the inevitable dividend payable in the foreseeable future.

In September 2018, Beijing Financial Assets Exchange Co., Ltd. (hereinafter “CFAE”) established Bond Financing Plan investment amounted to RMB350,000,000 in the Company. According to relevant terms of “prospectus”, the raised funds are subject to no fixed repayment terms. Unless the Company declares dividend or reduces registered capital, it may elect to defer distribution and can’t exercise any such rights within 12 months of value date without any frequency limitations. The Company has no contracted obligation to pay the principal or interests to other investors, therefore the investment complied with the definition of equity instrument and were recognized as other equity instrument in the consolidated level and in the Company financial statement. The dividends declared will be treated as profit distribution. As at 31 December 2018, other equity instruments amounted to RMB337,400,000 was recognized after deducting the inevitable dividend payable in the foreseeable future.

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15. NOTES TO THE COMPANY FINANCIAL STATEMENTS *(Continued)*

(4) Other equity instruments *(Continued)*

In August 2018, CFAE established Bond Financing Plan investment amounted to RMB1,800,000,000 in the Company. According to relevant terms of "prospectus", the raised funds are subject to no fixed repayment terms. Unless the Company declares dividend or reduces registered capital, it may elect to defer distribution and can't exercise any such rights within 12 months of value date without any frequency limitations. The Company has no contracted obligation to pay the principal or interests to other investors, therefore the investment complied with the definition of equity instrument and were recognized as other equity instrument in the consolidated level and in the Company financial statement. The dividends declared will be treated as profit distribution. As at 31 December 2018, other equity instruments amounted to RMB1,735,200,000 was recognized after deducting the inevitable dividend payable in the foreseeable future.

In August 2018, the Company issued Perpetual securities amounted to RMB2,000,000,000. According to relevant terms of "Prospectus", the raised funds are subject to no fixed repayment terms. Unless the Company declares dividend or reduces registered capital, it may elect to defer distribution and cannot exercise any such rights within 12 months of value date without any frequency limitations. The Company has no contracted obligation to pay the principal or interests to other investors, therefore the investment complied with the definition of equity instrument and were recognized as other equity instrument in the consolidated level and in the Company financial statement. The dividends declared will be treated as profit distribution. As at 31 December 2018, other equity instruments amounted to RMB1,991,000,000 was recognized after deducting the relevant costs.

In June 2018, the Company issued Perpetual securities amounted to RMB2,000,000,000. According to relevant terms of "Prospectus", the raised funds are subject to no fixed repayment terms. Unless the Company declares dividend or reduces registered capital, it may elect to defer distribution and cannot exercise any such rights within 12 months of value date without any frequency limitations. The Company has no contracted obligation to pay the principal or interests to other investors, therefore the investment complied with the definition of equity instrument and were recognized as other equity instrument in the consolidated level and in the Company financial statement. The dividends declared will be treated as profit distribution. As at 31 December 2018, other equity instruments amounted to RMB1,988,000,000 was recognized after deducting the relevant costs.

In June 2018, CFAE established Bond Financing Plan investment amounted to RMB1,500,000,000 in the Company. According to relevant terms of "prospectus", the raised funds are subject to no fixed repayment terms. Unless the Company declares dividend or reduces registered capital, it may elect to defer distribution and can't exercise any such rights within 12 months of value date without any frequency limitations. The Company has no contracted obligation to pay the principal or interests to other investors, therefore the investment complied with the definition of equity instrument and were recognized as other equity instrument in the consolidated level and in the Company financial statement. The dividends declared will be treated as profit distribution. Other equity instruments amounted to RMB1,416,525,000 was recognized after deducting the inevitable dividend payable in the foreseeable future. In December 2018, the Company repaid the above funds and deducted capital reserve by RMB54,121,000 (Note 4(35)).



15. NOTES TO THE COMPANY FINANCIAL STATEMENTS *(Continued)*

(4) Other equity instruments *(Continued)*

In April 2018, CFAE established Bond Financing Plan investment amounted to RMB200,000,000 in the Company. According to relevant terms of “prospectus”, the raised funds are subject to no fixed repayment terms. Unless the Company declares dividend or reduces registered capital, it may elect to defer distribution and can’t exercise any such rights within 12 months of value date without any frequency limitations. The Company has no contracted obligation to pay the principal or interests to other investors, therefore the investment complied with the definition of equity instrument and were recognized as other equity instrument in the consolidated level and in the Company financial statement. The dividends declared will be treated as profit distribution. As at 31 December 2018, other equity instruments amounted to RMB184,600,000 was recognized after deducting the inevitable dividend payable in the foreseeable future.

In March 2018, CFAE established Bond Financing Plan investment amounted to RMB600,000,000 in the Company. According to relevant terms of “prospectus”, the raised funds are subject to no fixed repayment terms. Unless the Company declares dividend or reduces registered capital, it may elect to defer distribution and can’t exercise any such rights within 12 months of value date without any frequency limitations. The Company has no contracted obligation to pay the principal or interests to other investors, therefore the investment complied with the definition of equity instrument and were recognized as other equity instrument in the consolidated level and in the Company financial statement. The dividends declared will be treated as profit distribution. As at 31 December 2018, other equity instruments amounted to RMB553,800,000 was recognized after deducting the inevitable dividend payable in the foreseeable future.

In December 2017, Sino-Australia Trust set up a special asset management plan to raise a total amount of RMB1,100,000,000. According to the Investment Agreement, the raised funds are subject to no fixed repayment terms. Unless the Company declares dividend, the Company may elect to defer the distribution without any frequency limitations. Within 12 months from value date, the company shall not exercise the right of deferred interest and the frequency of deferring interest is not restricted. In addition, there is no contracted obligation for the Company to repay the principal and distribute the interests. As a result, this asset management plan complied the definition of equity instrument and were recognized as other equity instrument in the consolidated level and in the Company financial statement. The dividends will be treated as profit distribution. As at 31 December 2018 and 31 December 2017, amounted of RMB1,024,650,000 was recognized as other equity instrument after deducting the inevitable dividend payable in the foreseeable future.

In September 2017, China Fortune International Trust Co., Ltd. set up a special asset management plan to raise a total amount of RMB2,000,000,000. According to the Investment Agreement, the raised funds are subject to no fixed repayment terms. Unless the Company declares dividend, the Company may elect to defer the distribution without any frequency limitations. In addition, there is no contracted obligation for the Company to repay the principal and distribute the interests. As a result, this asset management plan complied the definition of equity instrument and were recognized as other equity instrument in the consolidated level and in the Company financial statement. The dividends will be treated as profit distribution. As at 31 December 2018 and 31 December 2017, amounted of RMB1,970,027,000 was recognized as other equity instrument after deducting the inevitable dividend payable in the foreseeable future.

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FOR THE YEAR ENDED 31 DECEMBER 2018 (ALL AMOUNTS IN THOUSANDS OF RMB UNLESS OTHERWISE STATED)

15. NOTES TO THE COMPANY FINANCIAL STATEMENTS (Continued)

(4) Other equity instruments (Continued)

In July 2016, Shanghai Xinghan Asset Management Co., Ltd. set up a special asset management plan to raise a total amount of RMB3,000,000,000 and entered into an Investment Agreement with the Company to invest all the raised money in the Company. According to the Investment Agreement, the raised funds are not subject to any fixed repayment terms unless the Company declares any dividends. The Company may elect to defer the distribution without any frequency limitations. In addition, there is no contracted obligation for the Company to repay the principal and distribute the interests. As a result, the investment from the special asset management plan complied the definition of equity instrument and were recognized as other equity instrument in the consolidated level and in the Company financial statement. The dividends declared will be treated as profit distribution. As at 31 December 2018 and 31 December 2017, RMB2,895,291,000 was recognized as other equity instrument after deducting the inevitable dividend payable in the foreseeable future.

(5) Revenue and cost of sales

	2018	2017
Revenue from main operations (a)	17,929	79,379
Revenue from other operations (b)	7,366	4,537
Total	25,295	83,916

	2018	2017
Cost of sales from main operations (a)	–	10,589
Cost of sales from other operations (b)	–	–
Total	–	10,589

(a) Revenue and cost of sales from main operations

	2018		2017	
	Revenue from main operations	Cost of sales from main operations	Revenue from main operations	Cost of sales from main operations
Sale of properties	–	–	57,143	10,589
Consulting services	17,929	–	22,236	–
Total	17,929	–	79,379	10,589



15. NOTES TO THE COMPANY FINANCIAL STATEMENTS (Continued)

(5) Revenue and cost of sales (Continued)

(b) Revenue and cost from other operations

	2018		2017	
	Revenue from other operations	Cost from other operations	Revenue from other operations	Cost from other operations
Temporary rental	7,366	–	4,537	–

(6) Financial expenses

	2018	2017 (Restated)
Interest expense	1,909,327	1,627,522
Interest income	(133,358)	(54,992)
Exchange gains or losses	9,827	2,795
Others	88,701	24,771
Total	1,874,497	1,600,096

(7) Investment income

	2018	2017 (Restated)
Share of net profit or loss of investees under equity method	46,448	24,026
Gains from disposal of subsidiaries	589,625	–
Interest income earned during the period of ownership of debt investment	296,707	134,053
Gains from disposal of associates	14,293	–
Distribution of dividends by subsidiaries	1,593,000	1,454,000
Others	99,476	35,728
Total	2,639,549	1,647,807

NOTES TO THE FINANCIAL STATEMENTS

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16. NET CURRENT ASSETS

	31 December 2018 Consolidated	31 December 2017 Consolidated	31 December 2018 Company	31 December 2017 Company
Current assets	137,511,685	111,827,343	76,050,851	39,038,292
Less: current liabilities	(63,777,213)	(66,045,368)	(46,183,341)	(20,028,838)
Net current assets	73,734,472	45,781,975	29,867,510	19,009,454

17. TOTAL ASSETS LESS CURRENT LIABILITIES

	31 December 2018 Consolidated	31 December 2017 Consolidated	31 December 2018 Company	31 December 2017 Company
Total assets	169,716,823	141,421,169	84,472,175	45,610,793
Less: current liabilities	(63,777,213)	(66,045,368)	(46,183,341)	(20,028,838)
Total assets less current liabilities	105,939,610	75,375,801	38,288,834	25,581,955



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