

2018  
ANNUAL  
REPORT

# SINO-OCEAN

遠洋集團控股有限公司  
SINO-OCEAN GROUP HOLDING LIMITED  
(Incorporated in Hong Kong with limited liability)  
Stock Code : 03377.HK



# INTENSIVE CULTIVATION TRUTH SEEKING AND PRAGMATIC



Give prominence to the scalization of principal business  
Shape our core competitiveness

ABOUT  
SINO-OCEAN 《



**1993**Sino-Ocean  
Incorporation**2007**Listed on the Main Board  
of The Stock Exchange  
of Hong Kong Limited**2018**Contracted Sales over  
RMB100 Billion

Sino-Ocean Group Holding Limited (“Sino-Ocean Group”) was founded in 1993 and has been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 28 September 2007 (03377.HK). As at 31 December 2018, Sino-Ocean Group had a total issued number of shares of approximately 7,600 million, whose major shareholders include China Life Insurance Company Limited and Anbang Insurance Group Co., Ltd.

Sino-Ocean Group has been selected as a constituent of Hang Seng Composite Index (HSCI), Hang Seng Composite Industry Indexes — Properties and Construction Index, Hang Seng Stock Connect Hong Kong Index, Hang Seng China (Hong Kong-listed) 100 Index, Hang Seng SCHK High Dividend Low Volatility Index, Hang Seng Composite Size Indexes — Mid-Cap Index and Hang Seng Corporate Sustainability Benchmark Index.

Sino-Ocean Group prides itself on striving to “create quality living environments for mid- to high-end urban citizens and high-end business clients”. We aim to build upon our proven track records in real estate development and grow into a leading group that excels in sector investments. Our scope of business includes mid- to high-end residential property development, investment and operation of offices, complexes and retail space, property services, senior living, logistic properties, long-term rental apartments, real estate funds, equity investments, asset management and overseas investments.

Sino-Ocean Group currently owns more than 200 projects in different stages in rapidly growing Chinese cities and metropolitan regions, such as, Beijing, Tianjin and Shijiazhuang in the Beijing-Tianjin-Hebei Region, Shanghai, Hangzhou, Nanjing and Suzhou in the Yangtze River Delta Region, Wuhan, Hefei and Changsha in the Yangtze Mid-stream Region, Shenzhen, Guangzhou, Zhongshan and Hong Kong in the Pearl River Delta Region, Chongqing and Chengdu in the Chengdu-Chongqing Region, and other major core cities. As at 31 December 2018, we had a land reserve over 40 million sq.m..

“Sino-Ocean” is a brand name with nationwide reputation as a provider of consistent quality products and professional services.

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# FINANCIAL & OPERATION HIGHLIGHTS ≪

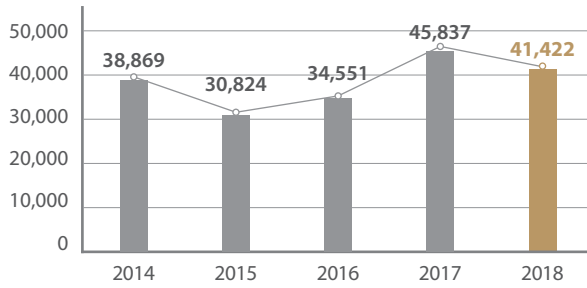
<b>Financial Highlights (RMB million)</b>	2018	2017	Change (%)
Contracted Sales	109,510	70,560	55%
Revenue	41,422	45,837	-10%
Gross profit	8,287	11,239	-26%
Profit for the year	4,666	6,259	-25%
Profit attributable to owners of the Company	3,574	5,115	-30%
Core profit	2,619	4,022	-35%
Total assets	249,362	191,894	30%
Equity attributable to owners of the Company	48,385	48,502	-0.2%
Cash resources <sup>1</sup>	42,571	24,766	72%
<b>Financial Information per share</b>			
Earnings per share (RMB)			
— Basic	0.473	0.680	-30%
— Diluted	0.470	0.678	-31%
Dividend per share (HKD)	0.213	0.322	-34%
<b>Financial Ratios</b>			
Gross profit margin (%)	20%	25%	-5pts
Core profit margin (%)	6%	9%	-3pts
Net profit margin (%)	11%	14%	-3pts
Net gearing ratio (%) <sup>2</sup>	73%	62%	11pts
Dividend payout ratio (%)	40%	40%	-
Current ratio (times)	1.6	1.8	-11%

Notes:

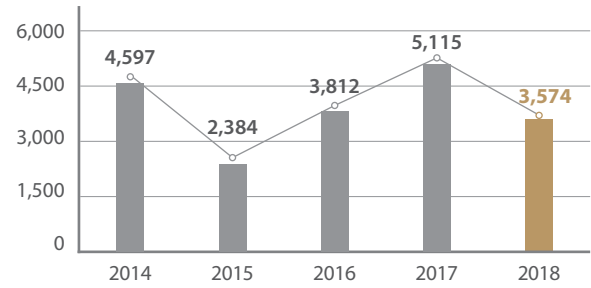
1 Including the restricted bank deposits

2 Total borrowings minus cash resources divided by total equity

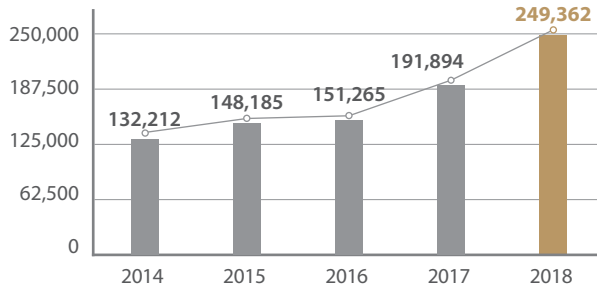
Revenue  
(RMB million)



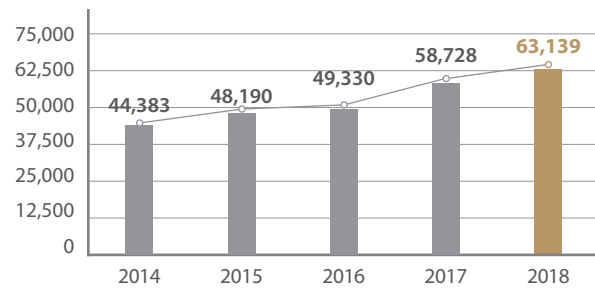
Profit attributable to owners of the Company  
(RMB million)



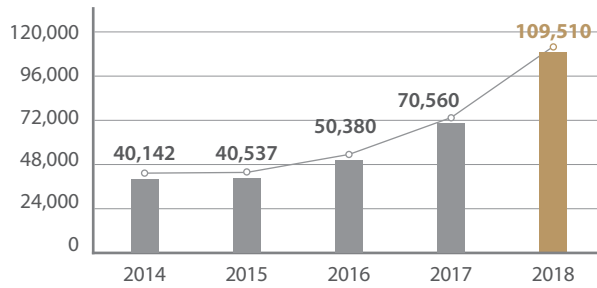
Total assets  
(RMB million)



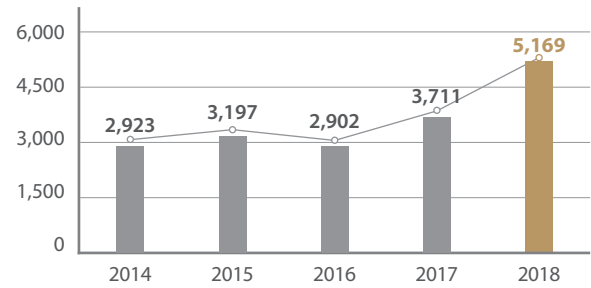
Total equity  
(RMB million)



Contracted sales  
(RMB million)



Saleable GFA sold  
('000 sq.m.)





# CHAIRMAN'S STATEMENT 《《

On behalf of our board of directors (“the Board”), I have the pleasure in presenting the results of Sino-Ocean Group Holding Limited (“Sino-Ocean Group”, or the “Company”) and its subsidiaries (together referred to as “our Group”, the “Group” or “We”) for the twelve months ended 31 December 2018.

## RESULT OF 2018

For the twelve months ended 31 December 2018, the Group recorded RMB41,422 million in revenue, a decrease of 10% compared to the previous year. Profit attributable to owners of the Company and earnings per share decreased to RMB3,574 million and RMB0.473, respectively, decreasing by 30% compared to the previous year.

Based on the profit attributable to owners of the Company in 2018, the Board is pleased to propose a final dividend of HKD0.073 per share for the year ended 31 December 2018. Together with the interim dividend of HKD0.140 per share, total dividend per share for 2018 was HKD0.213 (2017: HKD0.322), representing a dividend payment ratio of 40% (2017: 40%). The payment of the 2018 final dividend would be subject to the shareholders’ approval of the shareholders of the Company (the “Shareholders”) at the Company’s annual general meeting (the “AGM”).

## 2018 BUSINESS REVIEW

It was the Group’s 25th anniversary in 2018 and a year of rapid expansion. Operating in a complicated and changeable external environment, the Group pursued its tasks in a ‘progressive and enterprising’ manner, maintained user-oriented and never lost the fighting spirit. The visible growth in performance and capabilities laid a solid foundation for the perfect finale of the fourth phase of strategic development in 2019.

## >> Accelerating growth in principal business, optimizing investment planning

In 2018, the Group's principal business gained perceptible advancement in scale, turnover rate and investment planning. Despite an ever more competitive environment and downward market outlook, the Group's contracted sales broke through RMB100 billion for the first time, up by about 55% year-on-year and a record high, achieving a compound annual growth rate of about 40% from 2015 to 2018, a remarkable growth rate in the industry.

In 2018, the Group proposed a fast turnover request called '368' (construction to commence 3 months after acquisition of land, sale to start in 6 months and sales of 50% of first batch in 8 months). All business departments acted swiftly to compress construction cycle of all new projects in the year, step up the pace of the Company's principal business considerably and bring about ample cash resources.

In 2018, the Group persevered in the deep cultivation of key city clusters, optimization of city planning and expansion of investment scale. During the year, we acquired a total of 61 projects in 30 cities and a new land bank of about 10.18 million sq.m. for a total saleable value cost of approximately RMB180 billion. Entries were made in 11 cities including Chuzhou, Changzhou, Taizhou, Shaoxing, Wenzhou, Zhangzhou, Zhanjiang, Maoming, Xi'an, Yantai and Jinan, all situated in key clusters with good urban fundamentals. Currently we have presence in 45 cities throughout the country, land reserve in excess of 40 million sq.m. with the saleable resources of RMB237.3 billion in 2019, providing a solid foundation for future developments.

## >> Ever-innovative financing channels, robust and stable management of finance

To facilitate the sustainable development of the principal business in a shrinking external finance environment, the Group actively extended financing channels to acquire funds innovatively. In 2018, the Group completed a variety of capital market finance initiatives including medium-term notes, corporate bonds, USD bonds, supply chain asset-backed securities and commercial property REITs. There were two issuances of the medium-term notes for a total of RMB6 billion, floating rate guaranteed notes for USD700 million, corporate bonds for RMB2 billion at a coupon rate of 4.7%, the lowest rate for any real estate corporate bond in 2018 at the time of issuance.

As at the end of 2018, the Group's cash resources were maintained at more than RMB42 billion, and net gearing ratio was 0.73, higher than that for 2017 but still notably below industry level, demonstrating robust and stable management of finance.

## >> Breakthrough in asset securitization, continual optimization of asset structure

The Group on the one hand ensured the steady growth of income from investment properties, on the other continued to optimize asset structure and enhance liquidity through asset securitization and building the core property fund. Based on the commercial properties in Beijing and Tianjin, a REITs product 'GSUM First Seafront Sino-Ocean No.1 Asset-backed Specific Plan' was issued, a remarkable progress in asset securitization. An investment property fund was set up to acquire the holding company of properties in the Beijing core districts. Through asset securitization, a breakthrough of an innovative business operation of investment properties is achieved. The closed capital modus operandi of 'invest, operate, appreciate, exit' applicable to investment properties was gradually shaping.

## >> Strategic new businesses stepped up to a new level, business model maturing

In 2018, while ensuring the steady and speedy expansion of its principal business, the Group was vigilant in developing strategic new businesses and their integration with the principal business, proactively encouraging the former to help grow the latter. The year saw a balanced development in all new businesses and outstanding performance in strategic investment, operation management and nation-wide planning.

For senior living business, the Group acquired 40% shareholdings of Meridian Senior Living, LLC, a subsidiary of the US MeriStar Group by capital injection and reached agreements to have close collaboration in various areas. At the same time Sino-Ocean's senior living brand Senior Living L'Amore launched the product line Care-based Nursing (CBN), a high quality care product for the aged after Continuing Life Retirement Community ('CLRC'), Care Building ('CB') and Care Center ('CC'), thus completing the 4C product configuration. Besides, the senior living business consolidated its nation-wide planning and entered Chongqing in 2018, completing the location planning of key cities in five major city clusters. For long-term rental apartments, Boonsell continued to push forward in the Beijing-Tianjin-Hebei, South China and East China regions with presence in Beijing, Shanghai, Guangzhou, Shenzhen and Hangzhou, all tier-one and core tier-two cities that the principal business is cultivating. In co-working space business, the Group strengthened co-operation with WeWork from the US to build a modern collaborative workspace for tenants in Beijing, Chengdu and Shenzhen to serve the dual purpose of enhancing product quality for mutual benefit, and to develop more regions such as the Mid-west and the Guangdong-Hong Kong-Macau Greater Bay Area. As regards logistics real estate, the complete closed circuit of 'invest, finance, manage, exit' was gradually taking shape. The Group completed the investment in Juma Logistics and led series C financing for YMDD Tracking and FineEx. Construction work of the Group's first logistics real estate project, The Sino-Ocean Spring Asia Jiaying Nanhu Automobile Components, Finance and Logistics Park, officially commenced in Jiaying. The Group formally signed a strategic co-operation agreement with the Jiangjin Comprehensive Bonded Zone in Chongqing to jointly invest and build the largest comprehensive controlled temperature industry park in the western region.

## >> Implementation of building health continued, customer satisfaction record high

In 2018, the Group made tremendous progress in promoting and implementing the concept of 'Building•Health'. Through IWBI (The International WELL Building Institute) Elite Palace in Guangzhou was the world's first project registered WELL MFR gold-class, and selected to be 'a real estate case-study for the country's senior high schools'. Subsequent to its renovation, the Sino-Ocean Group head office has applied for WELL platinum-class certification. When it is successfully registered in 2019, it is expected to be the largest office in China with the highest WELL standard registration. In addition, Lize Business District Project E06 in Beijing and Hangzhou Ocean International Center were also registered gold-class. After three years of research and implementation, the Group has used over 1,000 sets of tested data to develop the 'Sino-Ocean Healthy Building System 1.0' based on three principal fundamental theories, four-dimensional directives containing a total of 71 pertinent points. This system is promoted and implemented in 59 projects nation-wide, showcasing the Group's brand concept of 'Building•Health'.

At the same time, the Group never lost sight of the 'user-oriented' principle, paying attention not only to customers' needs, following through the concept of health and elevating product standards, but also to provision of services to raise customer satisfaction. This philosophy gave rise to Sino-Ocean's '400 Service Center'. It is firmly orientated to customer satisfaction, providing one-stop round-the-clock services with a view to becoming customers' trusted 'master house-keeper', and giving powerful support to our mission of 'creating a superb environment for mid to high-end city dwellers and high-end business clients'. These measures raised the Group's customer satisfaction to a new height in 2018.

## >> Opening up to external collaboration, synergy mechanisms going from strength to strength

During the year, the Group continued to strengthen collaboration with premier financial institutions, other real estate enterprises and industry resources, as well as major Shareholders. We also signed strategic co-operation agreements with numerous enterprises to actively consolidate resources and complement one another for mutual benefits. In 2018, the Group signed a long-term healthcare insurance framework agreement with one of the major Shareholders, China Life, to provide brand promotion services, business expansion, collaboration services, standard benchmarking and so on. We will explore an innovation business model of "Insurance & Senior Living" together. Meanwhile, we also signed a strategic cooperation agreement with another major Shareholder, AnBang Insurance to found Sino-Ocean Bangbang Zhiye Company Limited in joint equity, to handle and manage AnBang's real estate. Currently all projects under management are making progressive achievements. As the Group enjoys a steady growth, synergy between the principal business and diversified businesses develops and strategic planning intensifies, its collaboration with other enterprises will also strengthen. Extensive exploration and intensive co-operation in various areas help to create a mutually beneficial and co-developing situation that is favourable for the Group's future development.

## 2018 MARKET REVIEW

In 2018, China's economy and real estate industry experienced numerous complications and changes. As the Sino-US trade war escalated, financial risks accumulated and domestic reforms intensified, the country's economy moved on steadily, GDP grew by 6.6%, structure adjustment and transformation continued, and development quality was rising all the time.

Following the trend of 'steady growth, controlled risk', the Central Government was determined to solve the problems in the real estate market, adhering firmly to the principle of 'housing is for accommodation not speculation', making it clear that there would not be 'any relaxation of measures' and encouraging market sentiments to be rational. In these circumstances, local authorities continued the highly controlling measures of 2016 and 2017, applying differentiating policies to cities according to situations and intensifying market regulation in the second half of the year. To generate more profound effect the Central Government accelerated the formation of long-term regulatory mechanisms, encouraged the re-structuring of housing supply, actively supported rental housing and joint-ownership housing. The real estate market in China is silently undergoing changes.

Faced with stringent macro measures, GFA sold and sales amount of commodity housing nation-wide in 2018 were record high. GFA sold was 1.72 billion sq.m., up by 1.3% year-on-year; sales amount RMB15,000 billion, increased by 12%. In the first half of the year, demands in emerging tier-two and tier-three cities caused the market to be buoyant, but since the meeting of the Central Politburo on 31 July motioned to 'adamantly curb housing prices', the market sentiments of 'bullish outlook' and 'cyclical turnover' were gradually knocked back. As the effect of the measures emerged, many property markets in urban areas dipped. From September onwards, growth rate of commodity housing GFA sold nation-wide turned negative. Meanwhile, differentiation among regions and cities became even more complicated with individual cities having varying market conditions and performances.

The land market saw distinct differences in the two halves of the year. In the first six months, property enterprises acquired land plots earnestly while in the rest of the year they became more cautious as expected changes emerged. There were increased cases of aborted auction and withdrawal of land plot sale, pushing land premium to a record low. In addition, huge supply of joint-ownership residential sites and rental land plots, as well as collective rental sites created a new model for land use and hence far-reaching changes in the land market.

The stringent finance environment in 2018 caused total finance to shrink and cost to rise. Property enterprises in general firmly believed cash is king and therefore sped up turnover, encouraged sales and cash proceeds dynamically to maintain liquidity. In a complex circumstance of sluggish market outlook, more fierce competition and increased difficulty in finance, concentration of the industry continued to rise.

## 2019 MARKET OUTLOOK

It is the 70th anniversary of new China in 2019 and a critical year for the country to build a moderately prosperous society nation-wide. In view of the complex domestic and foreign environment and unrelenting downward pressure on the economy, economic efforts will be executed according to the principle of ‘six stabilities’ — stable employment, stable finance, stable foreign trade, stable foreign capital, stable investment, stable expectations’. Looking ahead, policies for the industry will continue to be severe and stable, local authorities will become regulatory bodies. Under the main theme of ‘housing for accommodation not speculation’ they will regulate precisely by ‘one city one policy’. Meanwhile the long-term mechanisms to regulate the property market are expected to be implemented. The connection of short-term regulation and long-term mechanisms will restore the industry to a stable and healthy state for high quality growth.

The medium to long-term view is, urbanization in China will push ahead and the aggregation effect of the five major city clusters will expand. Core and key cities will attract people from near and afar throughout the country and hence give rise to continuous housing demands. Existing residents’ needs for upgrading cannot be neglected either. Both new housing demands and existing housing upgrade will ensure the industry’s growth. As the driving forces of economy in China are changing the government hopes to generate growth through releasing domestic demands. The Central Economic Work Conference proposed accelerated development in the service sector including education, nursery, senior living, medicines and public health, culture and tourism. As many of these are closely linked to their principal business, property developers will reap dividends from this policy and can look forward to a promising future.

## 2019 COMPANY STRATEGIES

2019 will be a critical year as the real estate industry in China goes through some profound changes. As the long-term mechanisms of the property market progress steadily, times are changing for the industry. Maintaining a high operation scale but slowing down of growth rate is to be expected. It is also the year in which our fourth phase of strategic development comes to a closure and the fifth phase starts off. The Group will carry out its tasks adhering to the principle of ‘Crafting meticulously • Getting strong and fit’. We will build our inner strength seriously, raise and streamline management standard, professionalism and effectiveness, shape our core competitiveness and seek high quality growth.

## >> Focusing on principal business, seeking high quality and sustainable development

Regardless of a chaotic and complex external environment, the Group is firmly confident and will continue to build inner strength, further streamline the traditional residential development while improving synergy between the diversified businesses and the principal business to help the latter grow. For traditional development business, we are fully aware that to survive an enterprise must accentuate its edge in scale of the principal business. The Group will boost sales and raise profitability, speed up disposal of low yield assets, put in best efforts to get cash proceeds and cash flow, and be resolute in achieving quick turnaround. We will adhere to the strategy of investment for value and deep city penetration, target city clusters and metropolitan areas as the main development arena, focus on core cities and districts. We are steadfast in investing rationally and acquiring quality land cautiously to provide for quality and sustainable expansion. Meanwhile, the Group will implement the concept of 'Building•Health' with even greater commitment, with a view to satisfying customers' needs, infusing 'health' into investment, design, sales and property services, providing products and services that live up to the 'health' standard. As for the diversified businesses, the Group will grasp the changes in policies and industries to explore and fine-tune the business model and profitability model for all businesses, to encourage synergy between the new businesses and traditional development business, consolidate internal resources to complement one another and brace ourselves for the new era.

## >> Implement budget management in all areas, streamline operation management capability

The Group is fully aware that it is essential for an enterprise to build core competitiveness if it is to grow. Future competition in real estate will evolve to be competition in streamlining of operation management. Only through effectively streamlined and professional management can enterprises realize quality and sustainable growth. The Group will take a grip on total budget management and whole cycle planning, go deep into the capillaries of operation to identify the real problems, analyse them and make improvements to raise operational quality and efficiency. We will fortify our business-oriented information platform to boost management prowess. The Group will also suppress costs in all areas of the principal business by standardizing products and cost control, and raise purchasing quality. We will also use multiple means to control finance cost, selling and administrative expenses, and continue to step up operation capabilities in commercial properties, offices, long-term rental apartments and senior living for higher returns.

## >> Advocate pragmatic work methodology, reinforce operator awareness

The Group advocates a pragmatic approach to work attitude and methodology. Faced with a downward cycle, the Group will pay special attention to the fundamentals and basics, raise awareness as an operator of the importance of professionalism and effectiveness in all aspects of management. Using a financial effectiveness angle, we will try to identify factors affecting operation excellence and efficiency, improve on the basics, encourage units at the low level to increase capabilities, drive overall management to be more pragmatic and effective and ultimately on track to streamlined and high quality development.

## APPRECIATION

On behalf of the Board, I would like to extend my deepest gratitude to all Shareholders, investors, local authorities, business partners and customers who have been most supportive; also to our directors, management and the entire staff for their dedicated hard work. Our sustainable and stable development could not be achieved without their unreserved support.

**LI Ming**  
*Chairman*

Hong Kong, 20 March 2019



# MANAGEMENT DISCUSSION & ANALYSIS 《

## FINANCIAL REVIEW

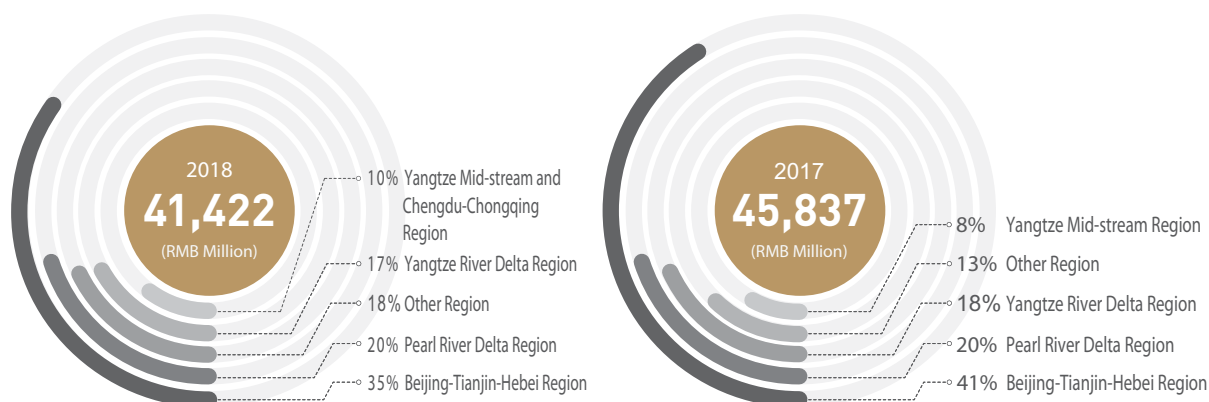
Sino-Ocean has become a group with its base in real estate development and excels in sector investments. We have secured a leading position in major city clusters including the Beijing-Tianjin-Hebei Region, the Yangtze River Delta Region, the Pearl River Delta Region, the Yangtze Mid-stream Region and the Chengdu-Chongqing Region. The Group will continue to stay focused on acquiring quality projects.

The Group's contracted sales amount for the year 2018 (including its joint ventures and associates) reached a record high of RMB109,510 million (2017: RMB70,560 million) with total saleable GFA sold of approximately 5,168,700 sq.m. (2017: 3,711,000 sq.m.). We recorded a decrease in revenue of RMB4,415 million, or 10%, to RMB41,422 million (2017: RMB45,837 million). The profit attributable to owners of the Company decreased to RMB3,574 million (2017: RMB5,115 million), representing a decrease of 30% as compared to 2017. Basic earnings per share decreased accordingly by 30% to RMB0.473 (2017: RMB0.680).

The components of the revenue are analyzed as follows:

(RMB million)	2018	2017	Change (%)
Property development	35,493	41,578	-15%
Property investment	1,077	977	10%
Property management	1,129	930	21%
Other real estate related businesses	3,723	2,352	58%
Total	41,422	45,837	-10%

Revenue contributions by geographical locations are analyzed below:



## REVENUE

The Group's revenue in 2018 decreased by 10% to RMB41,422 million, from RMB45,837 million in 2017. The decrease was mainly due to delay of construction schedule caused by environmental shutdown in the first quarter of 2018. Besides, some projects were disposed in the way of share transfer and the relevant income was not recognised as revenue. Property development segment remained the largest contributor which accounted for about 86% of total revenue. Beijing as our home base accounted for approximately 30% (2017: 29%) of the Group's total revenue in 2018, amounting to RMB12,624 million (2017: RMB13,206 million). As the Group has developed a diversified portfolio of landbank, revenue from property development from the Beijing-Tianjin-Hebei Region accounting for 26% of 2018, decreasing from 37% of 2017, and percentage of revenue from property development of other regions increased. During the year, 79% of revenue from property development was contributed by the five major city clusters (2017: 86%). We will persistently maintain a balanced project portfolio for mitigating the risk from single market fluctuations and enabling more effective usage of resources, which allows the Group to stay focused on the future development plan.

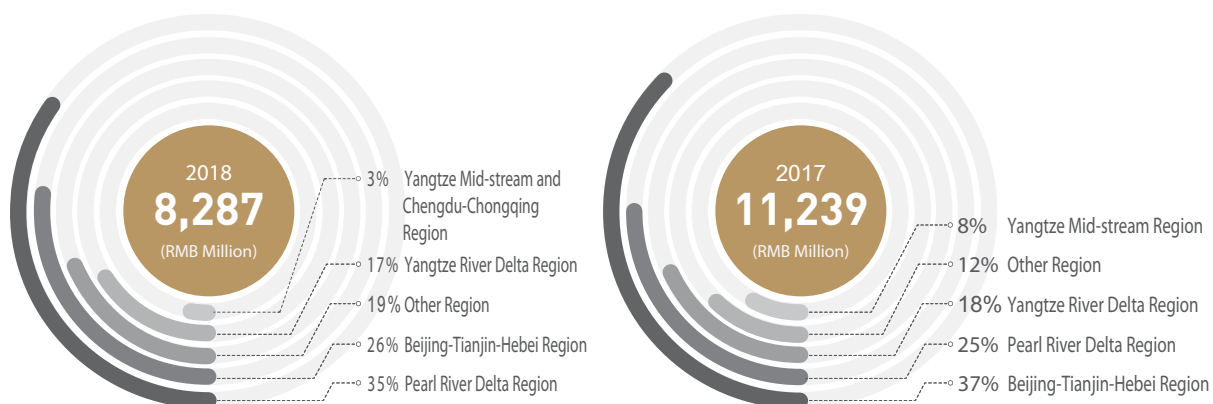
## COST OF SALES

The cost of property development, mainly comprising of land cost and construction cost, accounted for approximately 87% of the Group's total cost of sales in 2018 (2017: 92%).

Excluding carparks, average land cost per sq.m. of property development business in 2018 decreased to approximately RMB6,400 compared to RMB6,500 in 2017, which was due to more properties delivered from acquired projects at relatively lower land cost. Average construction cost per sq.m. (excluding carparks) for property development business increased to approximately RMB6,300 for the year, compared to RMB5,400 in 2017. The increase in average construction cost was mainly due to an increase in the proportion of villas and retail space's recognition.

## GROSS PROFIT

Gross profit by geographical locations is analyzed below:



Gross profit for the year was RMB8,287 million, representing a decrease of 26% compared to 2017. Gross profit margin decreased to 20% (2017: 25%), mainly due to an increase in impairment provision on inventory and amortisation of revaluation surplus for the current year related to gains from business combination.

## INTEREST AND OTHER INCOME AND GAINS (NET)

Interest and other income increased by 128% to RMB2,543 million in 2018, compared to RMB1,116 million in 2017. Such increase was mainly due to the increase in entrusted loan provided, leading to an increase in overall interest income during the year.

The Group recorded other gains (net) of RMB1,340 million (2017: RMB975 million). Other gains (net) were mainly comprised of gains on disposal of subsidiaries, deemed disposal gains on joint ventures and fair value gains on financial assets held for trading during the year.

## REVALUATION OF INVESTMENT PROPERTIES

The Group recognized an increase in fair value on its investment properties (before tax and non-controlling interests) of RMB2,361 million for 2018 (2017: RMB440 million). Gain on fair value on investment properties was mainly attributed to an office premise located in CBD of Beijing reclassified into investment property.

## OPERATING EXPENSES

Selling and marketing expenses for 2018 raised to RMB1,206 million (2017: RMB800 million). These costs accounted for only approximately 1.1% of the total contracted sales amount for 2018 (2017: 1.1%).

Administrative expenses incurred for 2018 increased to RMB1,730 million (2017: RMB1,240 million), representing 4.2% of the total revenue for 2018 (2017: 2.7%). The Group will continue to adopt strict cost control measures to maintain these costs at a relatively stable and lower level.

## FINANCE COSTS

Majority of the Group's funding was efficiently applied to its projects. As a result, the Group was able to capitalize most of the interest expenses, leaving RMB1,775 million to be charged through consolidated income statement during the year, compared to RMB1,174 million in 2017. Due to a shrinking external finance environment, the weighted average interest rate increased to 5.38% in 2018 (2017: 5.19%), while total interest expenses paid or accrued amounted to RMB4,210 million (2017: RMB3,187 million).

## TAXATION

The aggregate of enterprise income tax and deferred tax decreased slightly to RMB3,059 million in 2018 (2017: RMB3,068 million), reflecting an effective tax rate of 40% (2017: 33%). The increase in effective tax rate was due to more tax non-deductible expenses during the year. In addition, land appreciation tax in 2018 increased to RMB3,250 million (2017: RMB2,095 million) because acquisition premium of project companies was not deductible for land appreciation tax and the difference of accounting treatment and tax treatment of land appreciation tax on certain projects.

## PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

Profit attributable to owners of the Company decreased by 30% to RMB3,574 million in 2018, compared to RMB5,115 million in 2017. Excluding one-off items and fair value gains on investment properties, core profit amounted to RMB2,619 million, a decrease of 35% compared to RMB4,022 million in 2017 due to the decrease in recognised sales. Core profit margin decreased by 3 percentage points compared with 2017. Return on average equity was approximately 7% in 2018 (2017: 11%). Our management will continue to focus on the improvement of our shareholders' return as their on-going task.

## FINANCIAL RESOURCES AND LIQUIDITY

During 2018, the Group continued to refine our funding structure, liquidity and credit policies to minimize its risk exposure under the everchanging financial market and global economic environment. With overwhelming support from investors, the Group successfully issued mid-term notes of RMB3 billion in January and February 2018 respectively and corporate bonds of RMB2 billion and floating rate guaranteed notes with principal amount of USD700 million in July 2018. The Group tapped the funding opportunities in advance at a lower cost, and recorded an increase in total borrowings from RMB61,032 million to RMB88,575 million as at the year end of 2018, of which 62% of the borrowings were denominated in Renminbi. The remaining borrowings were denominated in other currencies, such as HKD and USD. Approximately 68% of the borrowings were made at fixed interest rate.

As at 31 December 2018, the Group had total cash resources (including cash and cash equivalents and restricted bank deposits) of RMB42,571 million, representing an increase of 72% compare with 2017 (2017: RMB24,766 million), of which 84% (2017: 85%) of the Group's cash resources were denominated in Renminbi with the remaining balances denominated in other currencies, and a current ratio of 1.6 times. Together with unutilized credit facilities of about RMB189,400 million, the Group is financially sound. We have ample financial resources and an adaptable financial management policy to meet our business expansion in the coming years.

The Group's net gearing ratio (i.e. total borrowings less total cash resources divided by total equity) was 73% (2017: approximately 62%), maintaining financial soundness. Given that the Group still has cash resources of RMB42,571 million, we are satisfied with our current gearing position. And we expect the net gearing ratio to remain relatively stable in 2019 in order to maintain the Group's overall financial healthiness.

The maturities of the Group's total borrowings are set out as follows:

(RMB million)	As at 31 December 2018	As a percentage of total borrowings	As at 31 December 2017	As a percentage of total borrowings
Within 1 year	15,425	17%	9,999	16%
1 to 2 years	12,637	14%	13,817	23%
2 to 5 years	46,231	52%	23,641	39%
Over 5 years	14,282	17%	13,575	22%
Total	88,575	100%	61,032	100%

## FINANCIAL GUARANTEES AND CHARGE ON ASSETS

As at 31 December 2018, the value of the guarantees provided by the Group to banks for mortgages extended to property buyers before completion of their mortgage registration was RMB8,159 million (2017: RMB10,552 million).

In 2018, the Group had pledged some of the property, plant and equipment, land use rights, properties under development, completed properties held for sale, investment properties, etc. to secure short-term bank loans (including the current portion of long-term borrowings) of RMB2,833 million (2017: RMB75 million) and long-term bank loans of RMB5,590 million (2017: RMB2,335 million). As at 31 December 2018, total pledged assets accounted for approximately 8% of the total assets of the Group (2017: 12%).

## CAPITAL COMMITMENTS

The Group entered into certain agreements in respect of land acquisition and property development. As at 31 December 2018, the Group had a total capital commitment of RMB6,624 million (2017: RMB5,884 million).

## CONTINGENT LIABILITIES

In line with the prevailing commercial practice in the Mainland China, the Group provides guarantees for mortgages extended to property buyers before completion of their mortgage registration. As at 31 December 2018, the total amount of the aforesaid guarantees provided by the Group was RMB8,159 million (2017: RMB10,552 million). In the past, the Group had not incurred any material loss from providing such guarantees, as the guarantees were given as a transitional arrangement that would be terminated upon the completion of the mortgage registration and were secured by the buyers' properties.

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

### >> Disposal of property holding companies to an asset-backed special scheme (“ABS”)

On 13 December 2018, Sino-Ocean Holding Group (China) Limited (遠洋控股集團(中國)有限公司) (the “Transferor”, a wholly-owned subsidiary of the Company), Qianhai Kaiyuan Asset Management Company Limited (前海開源資產管理有限公司) (the “ABS Manager”) (acting on behalf of the ABS) and GSUM Real Estate Fund Management Co., Ltd. (中聯前源不動產基金管理有限公司) (the “Fund Manager”) entered into an fund interest transfer agreement, pursuant to which the Transferor has agreed to dispose of, and the ABS Manager (acting on behalf of the ABS) has agreed to acquire, the entire interest held by the Transferor in GSUM-Sino-Ocean Group No.1 Private Investment Fund (中聯前源 — 遠洋集團一號私募投資基金) (the “Fund”) (the “Target Fund Interest”), upon completion of which the entire interest in the Fund shall be held by the ABS.

The consideration for the Target Fund Interest is equivalent to the fully paid amount of the Target Fund Interest as at the transfer date, being RMB1,000,000. The ABS Manager shall also pay up the remaining contribution in respect of the Target Fund Interest in the amount of RMB3,201,000,000 by utilizing the proceeds raised under the ABS, and the Fund Manager shall use the paid-up amount in the Fund to repay the outstanding amount of RMB3,200,000,000 payable by the Fund to the Group, which represented the total amount payable by the Fund (including the consideration for the transfer of the equity interests in (i) Beijing Rui Hong Commercial Management Co., Ltd. (北京睿鴻商業管理有限公司), (ii) Beijing Rui Hui Commercial Management Co., Ltd. (北京睿輝商業管理有限公司) and (iii) Tianjin Yuan Chi Property Development Co., Ltd. (天津市遠馳房地產開發有限公司) (collectively, the “Project Companies”) and repayment of amount payable by the Project Companies to the Group) pursuant to an internal reorganization in which the Transferor has transferred to the Fund the equity interests in the Project Companies.

Following completion of the transfer of the Target Fund Interest, the ABS, through the Fund, holds the Project Companies, which in turn hold (i) Ocean We-Life Plaza (Beijing) (遠洋未來廣場(北京)), (ii) Ocean Landscape We-Life (Beijing) (遠洋山水未來匯(北京)) and (iii) Ocean We-Life Plaza (Tianjin) (遠洋未來廣場(天津)) (collectively, the “Properties”). Pursuant to the ABS, the ABS Manager, as the manager of the ABS, has issued asset-backed securities in the amount of RMB3,203,000,000 to its holders, who in return enjoy the economic benefits generated from the Properties.

The asset-backed securities issued pursuant to the ABS are divided into (i) the senior classes securities, which account for 90% of the total issuance and (ii) the subordinated class securities, which account for 10% of the total issuance. The Transferor has subscribed for 50% of the subordinated class securities in the amount of RMB160,150,000, representing 5% of the total issuance under the ABS. The asset-backed securities is listed on the Shanghai Stock Exchange.

Details of the transactions have been disclosed in the announcement of the Company dated 13 December 2018.

## » Investment in property fund and disposal of property holding company to property fund

On 21 December 2018, (i) New Shine Global Limited (the “SOG-designated LP”, a wholly-owned subsidiary of the Company); (ii) Ever Sail International Limited (the “JV Partner-designated LP”, a wholly-owned subsidiary of ICBC International Investment Management Limited (the “JV Partner”)); and (iii) SOL Property Fund GP II Limited (the “GP”, a joint venture of the Company which is owned as to 50% by Southern Victory Holdings Limited (“Southern Victory”, a wholly-owned subsidiary of the Company) and 50% by Century Gate Investments Limited (“Century Gate”, a wholly-owned subsidiary of the JV Partner) entered into an amended and restated exempted limited partnership agreement (the “Limited Partnership Agreement”), pursuant to which the parties have agreed upon, among other things, the management of and the investment in SOL Property Fund III LP (the “Property Fund”), with a capital commitment of USD equivalent of RMB900,000,000 by each of the SOG-designated LP and the JV Partner-designated LP. The Property Fund was established for the purpose of the acquisition of Beijing Longzeyuan Real Estate Co., Ltd. (北京龍澤源置業有限公司) (the “Project Company”). Southern Victory, Century Gate and the GP also entered into a shareholders’ agreement on the same day, pursuant to which the parties have agreed upon, among other things, the operation and management of the GP, the subsidiaries of the Property Fund, Cityshine Holdings Limited (the “Target Company”) and its subsidiaries (including the Project Company).

Immediately after the signing of the Limited Partnership Agreement, on 21 December 2018, Fast Fame Capital Investment Limited (the “Vendor”, a wholly-owned subsidiary of the Company) and Harbour Link Ventures Limited (the “Purchaser”, a wholly-owned subsidiary of the Property Fund) entered into a disposal agreement, pursuant to which the Vendor has agreed to dispose of, and the Purchaser has agreed to acquire, the entire issued share capital of the Target Company. The principal asset of the Target Company is its indirect 94.03% (approximate) equity interest in the Project Company, which in turn holds Ocean Office Park (Beijing) (遠洋光華國際(北京)), an A-grade office building located in the core area of CBD, Chaoyang District, Beijing, the PRC. The consideration for the sale and purchase of the entire issued share capital of the Target Company is the USD equivalent of RMB5,383,815,855.

Details of the transactions have been disclosed in the announcement of the Company dated 23 December 2018.



## PROPERTY DEVELOPMENT

### >> Recognized sales

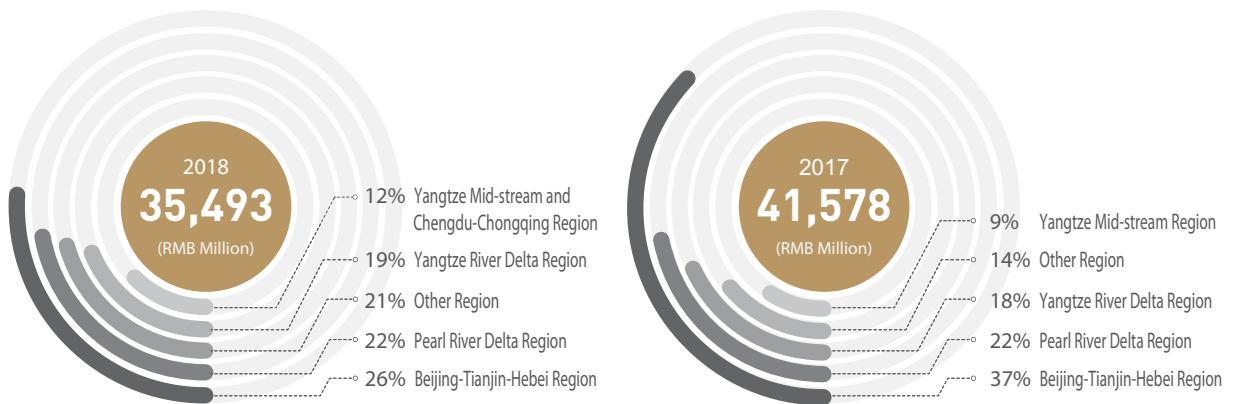
Revenue from property development business decreased by 15% in 2018, amounting to RMB35,493 million (2017: RMB41,578 million). The decrease was primarily due to delay of construction schedule caused by environmental shutdown in the first quarter of 2018. Besides, some projects were disposed in the way of share transfer and the relevant income was not recognised as revenue. Saleable GFA delivered decreased by 12% from approximately 2,618,000 sq.m. in 2017 to approximately 2,293,000 sq.m. in 2018. Excluding car parks sales, the average selling price recognized in 2018 was about RMB17,600 per sq.m. (2017: RMB17,300 per sq.m.).

Revenue and saleable GFA delivered from each city during 2018 are set out as follows:

Regions	Cities	Revenue (RMB million)	Saleable GFA delivered (sq.m.)	Average selling price recognized (RMB/sq.m.)
Beijing-Tianjin-Hebei Region	Beijing	7,152	116,600	61,300
	Tianjin	1,689	148,600	11,400
	Shijiazhuang	2	100	20,000
		<b>8,843</b>	<b>265,300</b>	<b>33,300</b>
Yangtze River Delta Region	Shanghai	2,104	73,600	28,600
	Hangzhou	4,280	164,100	26,100
	Nanjing	26	1,200	21,700
	Taizhou	16	900	17,800
		<b>6,426</b>	<b>239,800</b>	<b>26,800</b>
Yangtze Mid-stream Region	Wuhan	2,524	262,600	9,600
		<b>2,524</b>	<b>262,600</b>	<b>9,600</b>
Pearl River Delta Region	Zhongshan	1,787	186,200	9,600
	Shenzhen	3,868	129,400	29,900
	Guangzhou	1,929	51,000	37,800
	Sanya	222	11,500	19,300
		<b>7,806</b>	<b>378,100</b>	<b>20,600</b>
Chengdu-Chongqing Region	Chongqing	1,431	163,800	8,700
		<b>1,431</b>	<b>163,800</b>	<b>8,700</b>
Other Region	Dalian	3,324	248,400	13,400
	Shenyang	2,010	139,700	14,400
	Changchun	1,162	189,900	6,100
	Qingdao	210	15,800	13,300
		<b>6,706</b>	<b>593,800</b>	<b>11,300</b>
	Other projects	170	20,400	8,300
Subtotal (excluding car parks)		<b>33,906</b>	<b>1,923,800</b>	<b>17,600</b>
Carparks (various projects)		1,587	368,800	4,300
Total		<b>35,493</b>	<b>2,292,600</b>	<b>15,500</b>

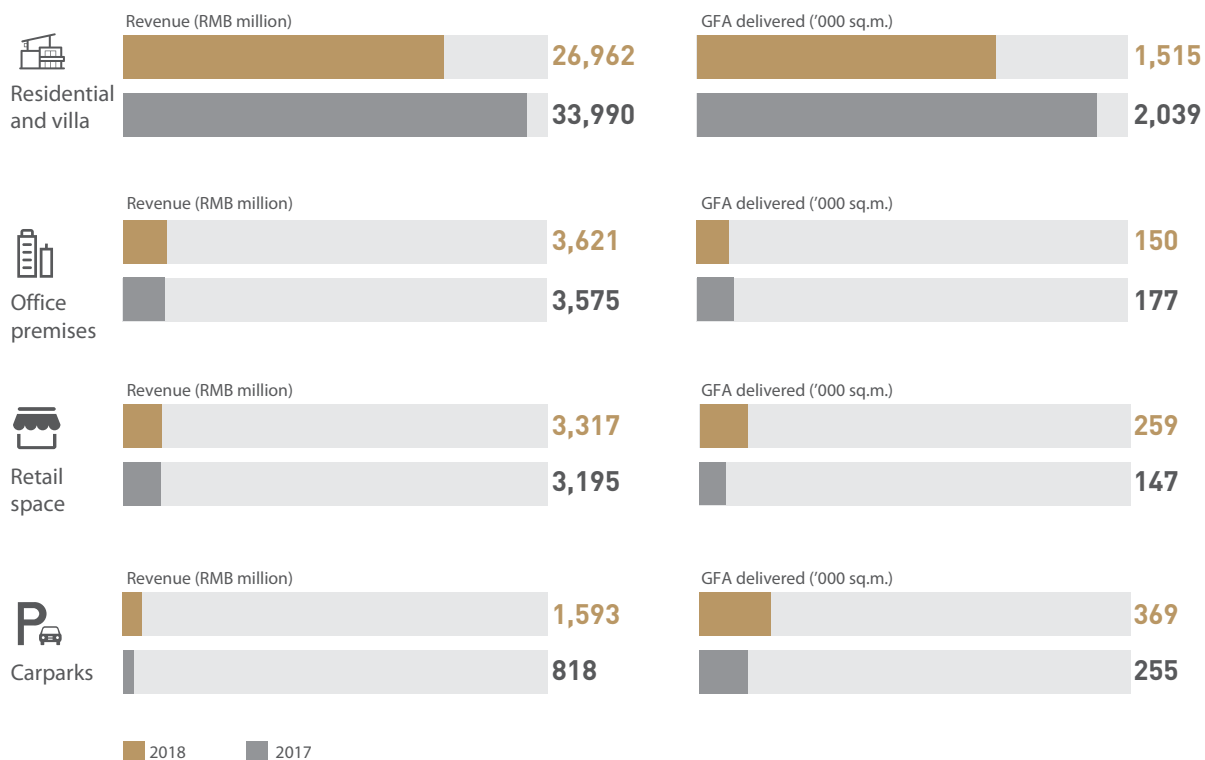
During 2018, Beijing remained the largest contributor which accounted for 21% of total revenue from property development (2017: 24%). Meanwhile, contributions from the Beijing-Tianjin-Hebei Region, the Yangtze River Delta Region and the Pearl River Delta Region, accounted for 67% (2017: 77%) of revenue from property development during the year.

Revenue from property development by geographical locations are analyzed below:



In terms of property types, residential properties (including villa) continued to contribute the largest portion of property development revenue, accounting for 76% in 2018 (2017: 82%). The average selling price recognized for the revenue from residential properties (including villa) in 2018 was approximately RMB17,800 per sq.m. (2017: RMB16,700 per sq.m.) while corresponding total saleable GFA delivered decreased by 26% from approximately 2,039,000 sq.m. in 2017 to approximately 1,515,000 sq.m. in 2018.

Revenue from property development in terms of property types are analyzed below:



## >> Contracted sales

The Group's contracted sales (including its joint ventures and associates) in 2018 amounted to a record high of RMB109,510 million, representing approximately 55% increase compared to RMB70,560 million in 2017. The average selling price (excluding car parks) increased by 13% to RMB22,900 per sq.m. (2017: RMB20,200 per sq.m.). The average selling price (including car parks) increased by 12% to RMB21,200 per sq.m. (2017: RMB19,000 per sq.m.).

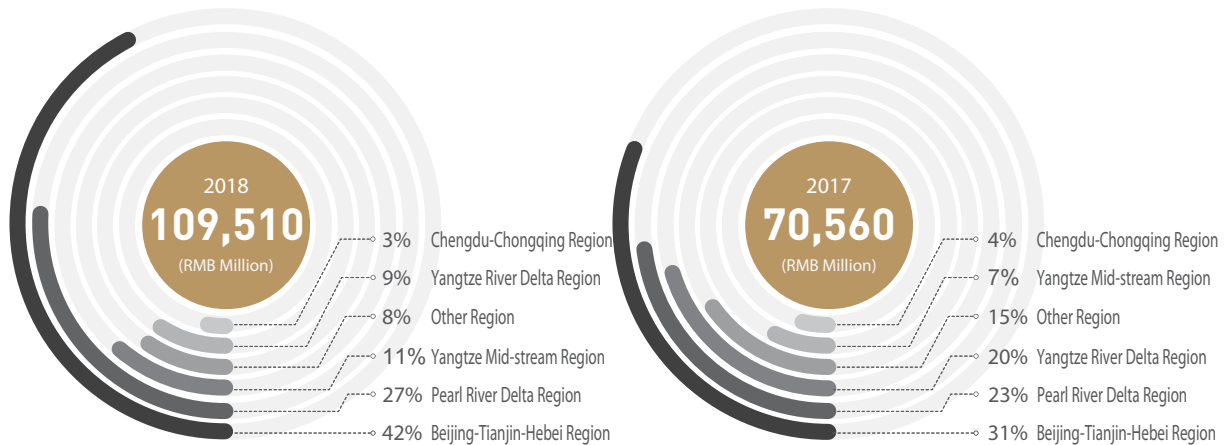
The contracted sales amounts and saleable GFA sold by cities in 2018 are set out below:

Regions	Cities	Contracted sales (RMB million)	Saleable GFA sold (sq.m.)	Average selling price (RMB/sq.m.)
Beijing-Tianjin-Hebei Region	Beijing	27,604	809,700	34,100
	Tianjin	12,043	551,200	21,800
	Shijiazhuang	4,747	394,800	12,000
	Langfang	290	43,900	6,600
	Zhangjiakou	160	11,800	13,600
		<b>44,844</b>	<b>1,811,400</b>	<b>24,800</b>
Yangtze River Delta Region	Shanghai	1,666	55,200	30,200
	Hangzhou	2,345	53,800	43,600
	Nanjing	800	62,100	12,900
	Suzhou	511	31,300	16,300
	Wuxi	1,661	87,100	19,100
	Jiaxing	1,064	54,000	19,700
	Chuzhou	88	10,400	8,500
	Changzhou	480	32,700	14,700
	Taizhou	397	14,400	27,600
	Shaoxing	177	11,600	15,300
	Wenzhou	32	1,400	22,900
	Zhangzhou	80	10,500	7,600
		<b>9,301</b>	<b>424,500</b>	<b>21,900</b>
Yangtze Mid-stream Region	Wuhan	6,429	332,300	19,300
	Hefei	3,100	180,200	17,200
	Changsha	1,982	141,100	14,000
	Nanchang	98	9,000	10,900
		<b>11,609</b>	<b>662,600</b>	<b>17,500</b>
Pearl River Delta Region	Zhongshan	5,101	397,500	12,800
	Shenzhen	5,395	148,500	36,300
	Guangzhou	7,450	223,900	33,300
	Foshan	462	40,000	11,600
	Hong Kong	9,737	65,100	149,600
	Zhanjiang	9	1,100	8,200
	Sanya	913	21,500	42,500
	Haikou	34	2,700	12,600
		<b>29,101</b>	<b>900,300</b>	<b>32,300</b>

Regions	Cities	Contracted sales (RMB million)	Saleable GFA sold (sq.m.)	Average selling price (RMB/sq.m.)
Chengdu-Chongqing Region	Chengdu	2,964	234,500	12,600
	Chongqing	351	20,600	17,000
	Kunming	141	19,200	7,300
		<b>3,456</b>	<b>274,300</b>	<b>12,600</b>
Other Region	Dalian	3,951	206,700	19,100
	Shenyang	1,230	94,200	13,100
	Changchun	931	75,300	12,400
	Qingdao	1,928	145,100	13,300
	Zhengzhou	177	19,900	8,900
	Xi'an	226	19,000	11,900
	Jinan	250	14,200	17,600
		<b>8,693</b>	<b>574,400</b>	<b>15,100</b>
	Other projects	460	52,000	8,800
Subtotal (excluding carparks)		107,464	4,699,500	22,900
Carparks (various projects)		2,046	469,200	4,400
<b>Total</b>		<b>109,510</b>	<b>5,168,700</b>	<b>21,200</b>

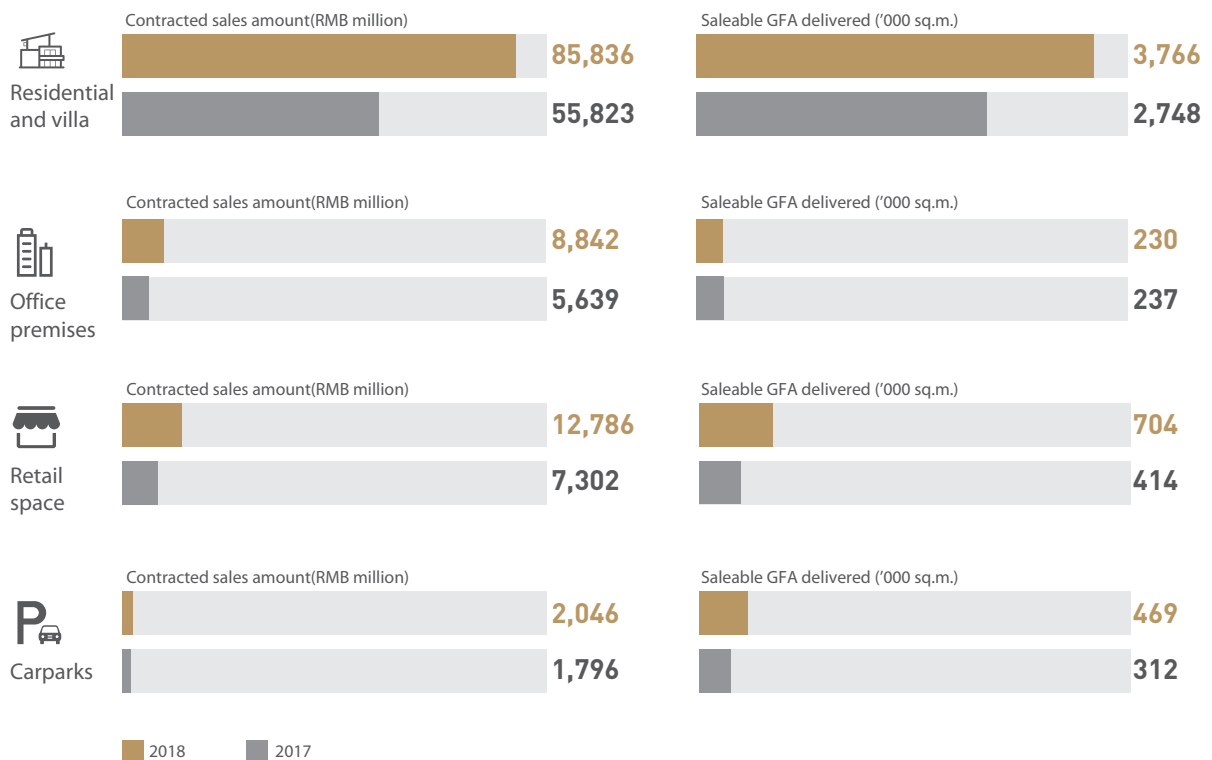
In terms of geographical distribution, there were over 130 projects available for sale during 2018 (2017: over 70 projects). Contracted sales from first and second-tier cities accounted for over 90% (2017: over 90%).

Contracted sales amounts by geographical locations are analyzed below:



In terms of property types, residential properties (including villa) continued to contribute the largest portion of contracted sales amount and accounted for 78% in 2018 (2017: 79%). The average selling price for residential properties (including villa) in 2018 was approximately RMB22,800 per sq.m. (2017: about RMB20,300 per sq.m.) while the saleable GFA sold for residential use increased by 37% from approximately 2,748,000 sq.m. in 2017 to approximately 3,766,000 sq.m. in 2018.

Contracted sales amount in terms of property types are analyzed below:



## >> Construction Progress and Developing Projects

Total GFA and total saleable GFA completed in 2018 were approximately 2,916,500 sq.m. and 2,543,000 sq.m., respectively, each decreasing 6% as compared to that in 2017. The Group will maintain the current construction scale in order to have enough GFA available for sale and for delivery to support the growth in 2019.

The details of construction progress and development progress are set out below:

Regions	Cities	Projects	GFA completed in 2018 (sq.m.)	Targeted GFA to be completed in 2019 (sq.m.)
Beijing-Tianjin-Hebei Region	Beijing	Eternal Scenery	54,800	–
		Jasper Epoch	–	69,200
		Jialihua Project, Shunyi District	186,100	89,600
		Liangxiang Project	–	67,200
		Lize Business District Project	–	143,000
		Mentougou Tanzhe Temple Project	34,800	112,700
		Ocean Epoch	187,400	–
		Ocean Metropolis	–	80,900
		Our New World	22,500	–
		Sino–Ocean Shin Kong Project	–	334,100
	Xiji Plot C, Tongzhou District	170,700	–	
	Tianjin	Elegant Prestige	–	229,700
		Longfor Mansion	80,700	146,400
Neo-metropolis		13,800	–	
Ocean City		388,500	–	
Ocean Inside		18,900	–	
Ocean Kunting		–	217,700	
Shijiazhuang	Royal River	–	131,800	
	Jade Mansion	–	108,900	
	Sino–Ocean No. 7	–	113,900	
Qinhuangdao	Vigorous Mansion	–	3,000	
	Seatopia Resort	–	56,900	

Regions	Cities	Projects	GFA completed in 2018 (sq.m.)	Targeted GFA to be completed in 2019 (sq.m.)
Yangtze River Delta Region	Shanghai	Chongming Dongtan Project	-	86,500
		Ocean Melody	90,200	-
	Hangzhou	Canal Business Center Project	-	103,400
		Chongxian B-6 Plot, Yuhang District	-	133,100
		Chongxian C-7 Plot, Yuhang District	-	115,400
		Seasons Courtyard	126,800	-
		Sino-Ocean Native Place	-	40,900
	Nanjing	Ocean Landscape	-	202,600
	Suzhou	Fenhu Plot 006	-	121,600
	Wuxi	Taihu Milestone	-	118,600
	Changzhou	Sky Peninsula	-	8,300
	Yangtze Mid-stream Region	Wuhan	Hejiadun Project	202,500
Ocean World			71,800	-
Hefei		Ocean Glory	-	114,100
Changsha		Bund No.1	-	131,400
Nanchang		Sino-Ocean Elite Mansion	47,900	13,400



Regions	Cities	Projects	GFA completed in 2018 (sq.m.)	Targeted GFA to be completed in 2019 (sq.m.)
Pearl River Delta Region	Zhongshan	Blossoms Valley	–	81,100
		King Realm	–	193,500
		Ocean Longshire	94,600	–
		Ocean Prospect	96,100	–
		Sino–Ocean Aristocratic Family	–	103,200
		Wuguishan Longtangcun Project	–	202,800
	Shenzhen	Ocean Express	–	110,200
		Ocean Metropolis	87,500	–
	Guangzhou	Elite Palace	141,800	–
		Hibiscus Villa	–	33,300
Honoka Project in Baiyun District		147,600	64,600	
Other Region	Dalian	Ocean Diamond Bay	98,100	–
		Ocean Worldview	70,800	–
		The Place of Glory	197,200	176,300
	Shenyang	Grand Canal Milestone	203,300	169,200
	Changchun	Ocean Cannes Town	82,100	–
		Orient Palace	–	70,100
<b>Total</b>			<b>2,916,500</b>	<b>4,394,900</b>

## >> Landbank

The Group's landbank increased by 19% to approximately 40,444,000 sq.m. in 2018 (2017: 34,088,000 sq.m.); while landbank with attributable interest increased by 18% to 21,761,000 sq.m. (2017: 18,490,000 sq.m.). In 2018, we acquired 59 plots of land and 2 matured projects, total GFA and attributable interest GFA were 10,181,000 sq.m. and 5,672,000 sq.m., respectively. The average acquisition cost per sq.m. of the newly acquired land plots was RMB7,100. In terms of saleable GFA, the average land cost per sq.m. for our landbank as at 31 December 2018 was approximately RMB6,900 (2017: RMB6,500).

Details of the newly acquired land plots during 2018 are set out as follows:

Cities	Projects	Total GFA acquired ('000 sq.m.)	GFA attributable to the Group ('000 sq.m.)	Interest attributable to the Group (%)
<b>Landbank</b>				
Beijing	Royal River Villa	132	16	12.25%
Beijing	Xanadu & Ocean Epoch	230	115	50.00%
Beijing	Xiji Plot E, Tongzhou District	139	70	50.00%
Beijing	Yongjingtaoyuan Project	692	339	49.00%
Tianjin	Airport Logistics Project	24	24	100.00%
Tianjin	Boda Logistic Project	285	285	100.00%
Shijiazhuang	Jade Mansion	146	75	51.00%
Shijiazhuang	Zhengding New District Project	152	73	47.94%
Qinhuangdao	Seatopia Resort	1,438	705	49.00%
Shanghai	Yuanbo Hotel Project	54	27	50.00%
Hangzhou	Neo 1	43	21	50.00%
Nanjing	Binjiang Logistics Project	58	22	38.00%
Nanjing	Ocean Seasons	234	234	100.00%
Nanjing	Sino-Ocean Tangyue Landscape	54	54	100.00%
Suzhou	Easy Town	104	17	16.50%
Suzhou	Kunshan Yushan Cold Chain Logistics Project	62	21	34.00%
Suzhou	Plot 58, Suzhou New District	91	13	14.00%
Suzhou	Rocker Park	240	72	30.00%
Suzhou	Mansion Yue	150	105	70.00%
Jiaxing	East Lake	109	36	33.00%
Jiaxing	Lakeside Wonderland	134	44	33.00%
Jiaxing	Ocean Lake Mansion	95	95	100.00%

Cities	Projects	Total GFA acquired ('000 sq.m.)	GFA attributable to the Group ('000 sq.m.)	Interest attributable to the Group (%)
Jiaying	Plot 34, Jiashan	122	36	30.00%
Jiaying	Zhapu Logistics Project	44	17	40.00%
Chuzhou	Ocean Mansion	108	108	100.00%
Changzhou	Sky Peninsula	101	40	40.00%
Taizhou	Mansion	79	31	40.00%
Shaoxing	Ocean Yue Masterpiece	93	93	100.00%
Wenzhou	Ocean Century Mansion	153	153	100.00%
Zhangzhou	Sino-Ocean Scenery	81	57	70.00%
Wuhan	Jiangxia Logistics Project	45	45	100.00%
Hefei	Feidong FD18-13 Project	197	197	100.00%
Hefei	Sino-Ocean Landscape	200	140	70.00%
Zhongshan	SCity (formerly known as Suixicun 162 Project, Nantou)	90	30	34.00%
Zhongshan	SCity (formerly known as Suixicun 163 Project, Nantou)	34	11	34.00%
Zhongshan	Sino-Ocean Landscape	210	105	50.00%
Zhongshan	Zhonghui City (formerly known as Suixicun 135 Project, Nantou)	43	15	34.00%
Zhongshan	Zhonghui City (formerly known as Suixicun 136 Project, Nantou)	83	25	30.00%
Guangzhou	Fenggangcun, Zhucun Street Project	141	56	40.00%
Foshan	Elite Palace	259	132	51.00%
Foshan	Plot 1 Sanshui New City, Sanshui District	285	140	49.00%
Zhanjiang	Ocean City	612	278	45.50%
Maoming	Sino-Ocean Landscape	291	148	51.00%
Chongqing	Chayuan Project	178	89	50.00%
Chongqing	Chongqing College Town Project	102	51	50.00%
Chongqing	Poetry of Landscape	166	166	100.00%
Chengdu	Jinniu Project	122	31	25.00%
Chengdu	Ocean Habitat	123	123	100.00%
Chengdu	Qingyang Project	71	35	50.00%

Cities	Projects	Total GFA acquired ('000 sq.m.)	GFA attributable to the Group ('000 sq.m.)	Interest attributable to the Group (%)
Kunming	Chenggong Project, Phase II	99	69	70.00%
Kunming	Kunming Airport Project	37	14	38.00%
Kunming	Sino-Ocean Esthetics Mansion	164	90	55.00%
Zhengzhou	Ocean Melody	43	30	69.30%
Zhengzhou	Yongzhixing Cold Chain Logistics Project	172	172	100.00%
Xuzhou	Jiawang Logistics Project	86	35	40.00%
Xi'an	Qinhanxincheng Logistics Project	67	27	40.00%
Xi'an	Zhaocun Project	321	161	50.00%
Yantai	Sino-Ocean Donglai County	43	43	100.00%
Jinan	Tangye Project	390	195	50.00%
Subtotal		10,121	5,651	
<b>Developed Project</b>				
Shanghai	Amazing City	17	8	49.00%
Shanghai	Onehome Art Project	43	13	30.00%
<b>Total</b>		<b>10,181</b>	<b>5,672</b>	

The landbank by stages of development as at 31 December 2018 are set out as follows:

	Approximate total GFA ('000 sq.m.)	Approximate total saleable GFA ('000 sq.m.)	Remaining landbank ('000 sq.m.)
Completed properties held for sales	22,285	16,960	6,448
Properties under development	17,933	14,657	17,933
Properties held for future development	16,063	12,111	16,063
<b>Total</b>	<b>56,281</b>	<b>43,728</b>	<b>40,444</b>

The Group's landbank details as at 31 December 2018 are set out as follows:

Regions	Cities	Projects	Districts	Approximate total GFA ('000 sq.m.)	Approximate total saleable GFA ('000 sq.m.)	Remaining landbank ('000 sq.m.)	Interest attributable to the Group (%)
Beijing-Tianjin- Hebei Region	Beijing	26 Block	Shunyi District, Beijing	79	79	79	23.00%
		CBD Plot Z6	Chaoyang District, Beijing	27	21	27	100.00%
		CBD Plot Z13	Chaoyang District, Beijing	162	126	162	10.00%
		Changping Sci-tech Park F2 Project	Changping District, Beijing	256	193	251	50.00%
		Eternal Scenery	Miyun District, Beijing	482	341	419	50.00%
		Grand Harmony Emerald Residence	Daxing District, Beijing	224	165	224	40.00%
		Gold Mansion	Daxing District, Beijing	118	99	118	25.00%
		Jasper Epoch	Daxing District, Beijing	92	78	92	49.00%
		Jialihua Project, Shunyi District	Shunyi District, Beijing	277	206	277	100.00%
		Liangxiang Project	Fangshan District, Beijing	126	102	126	11.10%
		Lize Business District Project	Fengtai District, Beijing	441	331	441	17.25%
		Mentougou Tanzhe Temple Project	Mentougou District, Beijing	430	344	430	10.00%
		Mizhiyun Project	Miyun District, Beijing	80	71	42	90.00%
		Ocean Epoch	Shijingshan District, Beijing	264	198	143	100.00%
		Ocean LA VIE	Chaoyang District, Beijing	318	305	57	85.72%
		Ocean Melody	Chaoyang District, Beijing	55	50	2	100.00%
		Ocean Metropolis	Mentougou District, Beijing	330	276	205	75.00%
		Ocean Palace	Daxing District, Beijing	436	383	78	100.00%
		Ocean Wulieepoch	Shijingshan District, Beijing	595	458	595	21.00%
		Our New World	Fangshan District, Beijing	109	91	35	100.00%
		Plot 6002, Mentougou, New Town	Mentougou District, Beijing	125	97	125	21.00%
		Royal River Villa	Chaoyang District, Beijing	132	118	132	12.25%
		Sino-Ocean Shin Kong Project	Tongzhou District, Beijing	479	334	479	50.00%
		Xanadu & Ocean Epoch	Chaoyang District, Beijing	230	193	230	50.00%
		Xiji Plot C, Tongzhou District	Tongzhou District, Beijing	221	170	51	30.00%
		Xiji Plot D, Tongzhou District	Tongzhou District, Beijing	128	113	128	10.00%
		Xiji Plot E, Tongzhou District	Tongzhou District, Beijing	139	136	139	50.00%
		Yizhuang EDA Plot G2R1	Daxing District, Beijing	300	207	300	50.00%
		Yizhuang Motor Tower Project	Daxing District, Beijing	67	41	67	100.00%
		Yongjingtaoyuan Project	Chaoyang District, Beijing	692	554	692	49.00%
				<b>7,414</b>	<b>5,880</b>	<b>6,146</b>	

Regions	Cities	Projects	Districts	Approximate total GFA ('000 sq.m.)	Approximate total saleable GFA ('000 sq.m.)	Remaining landbank ('000 sq.m.)	Interest attributable to the Group (%)
	Tianjin	Airport Logistics Project	Binhai New Area, Tianjin	24	-	24	100.00%
		Boda Logistic Project	Wuqing District, Tianjin	285	-	285	100.00%
		Elegant Prestige	Jinnan District, Tianjin	285	194	285	25.00%
		Happy Light Year	Wuqing District, Tianjin	504	317	504	50.00%
		Longfor Mansion	Jinnan District, Tianjin	227	171	227	33.00%
		Neo-metropolis	Beichen District, Tianjin	3,034	2,615	2,828	51.00%
		Ocean Chanson	Wuqing District, Tianjin	204	199	40	100.00%
		Ocean City	Binhai New Area, Tianjin	2,137	1,683	345	100.00%
		Ocean Epoch	Binhai New Area, Tianjin	35	25	35	100.00%
		Ocean Express	Dongli District, Tianjin	335	288	1	100.00%
		Ocean Great Harmony	Xiqing District, Tianjin	350	290	49	100.00%
		Ocean Inside	Binhai New Area, Tianjin	183	176	47	60.00%
		Ocean International Center	Hedong District, Tianjin	321	200	39	50.00%
		Ocean Kunting	Binhai New Area, Tianjin	675	488	620	64.28%
		Ocean Prospect	Dongli District, Tianjin	321	309	52	100.00%
		Royal River	Wuqing District, Tianjin	349	333	148	100.00%
		The Great Habitat Mansion House	Dongli District, Tianjin	562	385	363	42.00%
		Xanadu	Binhai New Area, Tianjin	185	135	185	42.86%
				<b>10,016</b>	<b>7,808</b>	<b>6,077</b>	
	Shijiazhuang	Chang'an District Redevelopment Project	Chang'an District, Shijiazhuang	363	268	361	30.70%
		Jade Mansion	Gaocheng District, Shijiazhuang	146	99	146	51.00%
		Sino-Ocean No. 7	Chang'an District, Shijiazhuang	115	103	115	20.00%
		Vigorous Mansion	Chang'an District, Shijiazhuang	228	171	228	51.00%
		Zhengding New District Project	Zhengding New District, Shijiazhuang	152	140	152	47.94%
				<b>1,004</b>	<b>781</b>	<b>1,002</b>	
	Langfang	Nianziying Project	Guangyang District, Langfang	1,897	954	1,897	51.00%
		Xiang He Wan Run Project	Xianghe County, Langfang	269	180	269	20.00%
				<b>2,166</b>	<b>1,134</b>	<b>2,166</b>	
	Zhangjiakou	Centrality Mansion	Qiaodong District, Zhangjiakou	203	163	203	60.00%
	Qinhuangdao	Seatopia Resort	Funing District, Qinhuangdao	1,438	1,243	1,438	49.00%
				<b>22,241</b>	<b>17,009</b>	<b>17,032</b>	

Regions	Cities	Projects	Districts	Approximate total GFA ('000 sq.m.)	Approximate total saleable GFA ('000 sq.m.)	Remaining landbank ('000 sq.m.)	Interest attributable to the Group (%)
Yangtze River Delta Region	Shanghai	Chongming Dongtan Project	Chongming District, Shanghai	1,072	672	1,003	13.54%
		Ocean Fortune Center	Pudong New Area, Shanghai	59	45	26	100.00%
		Ocean Mansion No. 7	Baoshan District, Shanghai	117	110	2	100.00%
		Ocean Melody	Pudong New Area, Shanghai	323	279	70	100.00%
		Wellness Masterpiece	Qingpu District, Shanghai	49	41	49	50.00%
		Yuanbo Hotel Project	Putuo District, Shanghai	54	-	54	50.00%
				<b>1,674</b>	<b>1,147</b>	<b>1,204</b>	
	Hangzhou	Canal Business Center Project	Gongshu District, Hangzhou	609	292	12	100.00%
		Chongxian B-6 Plot, Yuhang District	Yuhang District, Hangzhou	111	65	111	49.00%
		Chongxian C-7 Plot, Yuhang District	Yuhang District, Hangzhou	107	73	107	51.00%
		Neo 1	Gongshu District, Hangzhou	43	40	43	50.00%
		Ocean Melody	Jiangan District, Hangzhou	58	39	1	100.00%
		Seasons Courtyard	Gongshu District, Hangzhou	129	89	129	50.00%
		Sino-Ocean Native Place	Xiaoshan District, Hangzhou	68	41	48	100.00%
				<b>1,125</b>	<b>639</b>	<b>451</b>	
Nanjing	Binjiang Logistics Project	Jiangning District, Nanjing	58	-	58	38.00%	
	Ocean Landscape	Jiangning District, Nanjing	147	121	146	70.00%	
	Ocean Seasons	Lishui District, Nanjing	234	184	234	100.00%	
	Sino-Ocean Land Greenland Premier Court	Jiangning District, Nanjing	71	67	27	50.00%	
	Sino-Ocean Tangyue Landscape	Liuhe District, Nanjing	54	52	54	100.00%	
			<b>564</b>	<b>424</b>	<b>519</b>		
Suzhou	Easy Town	Huqiu District, Suzhou	104	85	104	16.50%	
	Fenhu Plot 006	Wujiang District, Suzhou	113	79	113	34.00%	
	Kunshan Yushan Cold Chain Logistics Project	Yushan, Kunshan City	62	-	62	34.00%	
	Mansion Yue	Wujiang District, Suzhou	150	147	150	70.00%	
	Ocean Melody	Port area, Taicang City	105	77	105	34.00%	
	Plot 58, Suzhou New District	Huqiu District, Suzhou	91	75	91	14.00%	
	Rocker Park	Huqiu District, Suzhou	240	198	240	30.00%	
	Shihu Project	Wuzhong District, Suzhou	49	-	49	68.75%	
			<b>914</b>	<b>661</b>	<b>914</b>		

Regions	Cities	Projects	Districts	Approximate total GFA ('000 sq.m.)	Approximate total saleable GFA ('000 sq.m.)	Remaining landbank ('000 sq.m.)	Interest attributable to the Group (%)
	Wuxi	Haoshi Project	Wuxi New Area, Wuxi	63	52	63	40.00%
		Taihu Milestone	Wuxi New Area, Wuxi	116	93	116	40.00%
				<b>179</b>	<b>145</b>	<b>179</b>	
	Jiaxing	East Lake	Haining City, Jiaxing	109	73	109	33.00%
		Jiaxing Logistic Project	Hunan District, Jiaxing	96	-	96	38.00%
		Lakeside Wonderland	Xiuzhou District, Jiaxing	134	124	134	33.00%
		Ocean Lake Mansion	Haining City, Jiaxing	95	91	95	100.00%
		Plot 34, Jiashan	Jiashan County, Jiaxing	122	106	122	30.00%
		Zhapu Logistics Project	Pinghu City, Jiaxing	44	-	44	40.00%
				<b>600</b>	<b>394</b>	<b>600</b>	
	Chuzhou	Ocean Mansion	Chahe Town, Chuzhou	108	82	108	100.00%
	Changzhou	Sky Peninsula	Yanshan New Area, Liyang, Changzhou	101	99	101	40.00%
	Taizhou	Mansion	Jiaojiang District, Taizhou	79	65	78	40.00%
	Shaoxing	Ocean Yue Masterpiece	Keqiao District, Shaoxing	93	93	93	100.00%
	Wenzhou	Ocean Century Mansion	Longwan District, Wenzhou	153	107	153	100.00%
	Xiamen	Plot 2017XP02, Xiang'an District	Xiang'an District, Xiamen	52	35	52	50.00%
		Plot 2017XP03, Xiang'an District	Xiang'an District, Xiamen	75	49	75	48.02%
				<b>127</b>	<b>84</b>	<b>127</b>	
	Zhangzhou	Sino-Ocean Scenery	Zhao'an County, Zhangzhou	81	79	81	70.00%
				<b>5,798</b>	<b>4,019</b>	<b>4,608</b>	



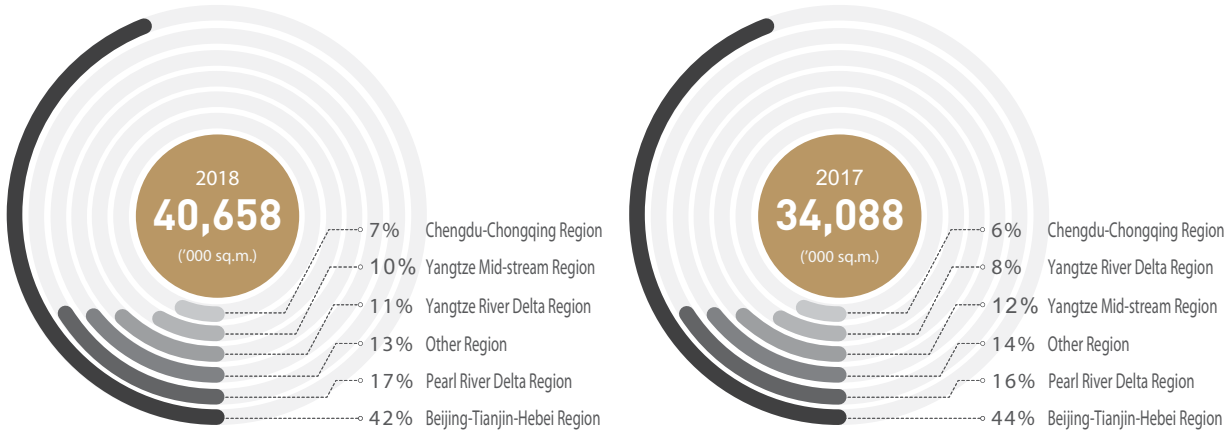
Regions	Cities	Projects	Districts	Approximate total GFA ('000 sq.m.)	Approximate total saleable GFA ('000 sq.m.)	Remaining landbank ('000 sq.m.)	Interest attributable to the Group (%)
Yangtze Mid-stream Region	Wuhan	Hejiadun Project	Jiangnan District, Wuhan	1,019	972	613	61.00%
		Jiangxia Logistic Project	Jiangxia District, Wuhan	45	–	45	100.00%
		Ocean World	Dongxihu District, Wuhan	398	369	19	100.00%
		Oriental World View	Hanyang District, Wuhan	1,880	1,509	1,880	10.50%
				<b>3,342</b>	<b>2,850</b>	<b>2,557</b>	
	Hefei	Feidong FD18-13 Project	Feidong County, Hefei	197	186	197	100.00%
		Ocean Glory	Binhu New Area, Hefei	322	242	322	25.00%
		Sino-Ocean Landscape	Feidong County, Hefei	200	180	200	70.00%
				<b>719</b>	<b>608</b>	<b>719</b>	
	Changsha	Bund No.1	Yuelu District, Changsha	134	95	134	28.45%
		Yajun Project	Wangcheng District, Changsha	422	332	422	10.00%
				<b>556</b>	<b>427</b>	<b>556</b>	
	Nanchang	Sino-Ocean Elite Mansion	Wanli District, Nanchang	106	102	106	20.00%
		Wanli 178 Project	Wanli District, Nanchang	173	122	173	51.00%
				<b>279</b>	<b>224</b>	<b>279</b>	
				<b>4,896</b>	<b>4,109</b>	<b>4,111</b>	
Pearl River Delta Region	Zhongshan	Blossoms Valley	Shenwan Town, Zhongshan	1,172	1,037	1,161	75.00%
		King Realm	Dongsheng Town, Zhongshan	181	134	175	75.00%
		Ocean City	Eastern District, Zhongshan	2,083	1,736	105	100.00%
		Ocean Emerald	Nantou Town, Zhongshan	437	412	63	51.00%
		Ocean Longshire	Henglan Town, Zhongshan	96	85	49	80.00%
		Ocean Prospect	Shiqi District, Zhongshan	91	66	36	30.00%
		SCity (formerly known as Suixicun 162 Project, Nantou)	Nantou Town, Zhongshan	90	68	90	34.00%
		SCity (formerly known as Suixicun 163 Project, Nantou)	Nantou Town, Zhongshan	34	26	34	34.00%
		Sino-Ocean Aristocratic Family	Eastern District, Zhongshan	103	78	103	12.25%
		Sino-Ocean Landscape	Minzhong Town, Zhongshan	210	159	210	50.00%
		Wuguishan Longtangcun Project	Wuguishan Town, Zhongshan	187	137	187	50.00%
		Zhonghui City (formerly known as Suixicun 135 Project, Nantou)	Nantou Town, Zhongshan	43	33	43	34.00%
		Zhonghui City (formerly known as Suixicun 136 Project, Nantou)	Nantou Town, Zhongshan	83	62	83	30.00%
		Zhonghui City (formerly known as Suixicun 137 Project, Nantou)	Nantou Town, Zhongshan	107	102	107	45.00%
			<b>4,917</b>	<b>4,135</b>	<b>2,446</b>		

Regions	Cities	Projects	Districts	Approximate total GFA ('000 sq.m.)	Approximate total saleable GFA ('000 sq.m.)	Remaining landbank ('000 sq.m.)	Interest attributable to the Group (%)
	Shenzhen	Lishan Project	Nanshan District, Shenzhen	171	120	67	60.00%
		Long Chuan Tang Project	Nanshan District, Shenzhen	115	52	115	60.00%
		Longhua District De Ai Industrial Park	Longhua District, Shenzhen	533	282	533	80.00%
		Ocean Express	Longgang District, Shenzhen	556	437	154	84.70%
		Ocean Metropolis	Longgang District, Shenzhen	390	292	271	100.00%
				<b>1,765</b>	<b>1,183</b>	<b>1,140</b>	
	Guangzhou	Elite Palace	Tianhe District, Guangzhou	310	279	151	100.00%
		Fenggangcun, Zhucun Street Project	Zengcheng District, Guangzhou	141	96	141	40.00%
		Hibiscus Villa	Huadu District, Guangzhou	179	87	162	51.00%
		Honoka project in Baiyun District	Baiyun District, Guangzhou	285	198	285	16.66%
				<b>915</b>	<b>660</b>	<b>739</b>	
	Foshan	Delight River	Sanshui District, Foshan	207	192	207	50.00%
		Elite Palace	Sanshui District, Foshan	259	191	259	51.00%
		Plot 1 Sanshui New City, Sanshui District	Sanshui District, Foshan	285	221	285	49.00%
				<b>751</b>	<b>604</b>	<b>751</b>	
	Hong Kong	LP6	Tseung Kwan O, Hong Kong	137	136	137	40.00%
	Zhanjiang	Ocean City	Xiashan District, Zhanjiang	612	493	612	45.50%
	Maoming	Sino-Ocean Landscape	Maonan District, Maoming	291	289	291	51.00%
	Sanya	Hongtang Bay Project	Tianya District, Sanya	561	249	561	50.00%
		Ocean Treasure	Jiyang District, Sanya	177	111	77	100.00%
				<b>738</b>	<b>360</b>	<b>638</b>	
	Haikou	Ocean Zen House	Xiuying District, Haikou	117	106	5	100.00%
				<b>10,243</b>	<b>7,966</b>	<b>6,759</b>	

Regions	Cities	Projects	Districts	Approximate total GFA ('000 sq.m.)	Approximate total saleable GFA ('000 sq.m.)	Remaining landbank ('000 sq.m.)	Interest attributable to the Group (%)
Chengdu- Chongqing Region	Chongqing	Chayuan Project	Chayuan New Area, Chongqing	178	132	178	50.00%
		Chongqing College Town Project	Shapingba District, Chongqing	102	71	102	50.00%
		Gaomiao Plot, Jiulongpo District	Jiulongpo District, Chongqing	126	125	126	50.00%
		Gaomiao Project, Phase II, Jiulongpo District	Jiulongpo District, Chongqing	285	213	18	50.00%
		Ocean Ninth Prince	Yubei District, Chongqing	335	246	335	50.00%
		Poetry of Landscape	Shapingba District, Chongqing	166	165	166	100.00%
		Sino-Ocean International Golf Resort	Banan District, Chongqing	592	480	244	42.50%
				<b>1,784</b>	<b>1,432</b>	<b>1,169</b>	
	Chengdu	Jinniu Project	Jinniu District, Chengdu	122	106	122	25.00%
		Longquan Sunshine Town Project	Longquanyi District, Chengdu	320	263	320	50.00%
		Ocean Crown	Qinyang District, Chengdu	99	46	99	60.00%
		Ocean Habitat	Chongzhou City, Chengdu	123	98	123	100.00%
		Qinyang Project	Qinyang District, Chengdu	71	38	71	50.00%
Sino-Ocean Taikoo Li Chengdu		Jinjiang District, Chengdu	417	362	186	50.00%	
Xipu Project		Pidu District, Chengdu	139	99	139	50.00%	
			<b>1,291</b>	<b>1,012</b>	<b>1,060</b>		
Kunming	Chenggong Project	Chenggong District, Kunming	222	218	222	70.00%	
	Chenggong Project, Phase II	Chenggong District, Kunming	99	88	99	70.00%	
	Kunming Airport Project	Guandu District, Kunming	37	-	37	38.00%	
	Sino-Ocean Esthetics Mansion	Panlong District, Kunming	164	145	164	55.00%	
			<b>522</b>	<b>451</b>	<b>522</b>		
			<b>3,597</b>	<b>2,895</b>	<b>2,751</b>		
Other Region	Dalian	Jinma Project	Jinzhou District, Dalian	77	43	35	10.00%
		Ocean Diamond Bay	Ganjingzi District, Dalian	2,046	1,746	1,104	100.00%
		Ocean Worldview	Jinzhou District, Dalian	1,902	1,645	367	100.00%
		Sino-Ocean Technopole	Jinzhou District, Dalian	922	540	922	100.00%
		The Place of Glory	Ganjingzi District, Dalian	925	875	291	100.00%
		Xiaoyao Bay Project	Jinzhou District, Dalian	219	175	219	100.00%
		Zhonghua Road Plot #2	Ganjingzi District, Dalian	111	52	111	100.00%
			<b>6,202</b>	<b>5,076</b>	<b>3,049</b>		

Regions	Cities	Projects	Districts	Approximate total GFA ('000 sq.m.)	Approximate total saleable GFA ('000 sq.m.)	Remaining landbank ('000 sq.m.)	Interest attributable to the Group (%)
	Shenyang	Grand Canal Milestone	Shenhe District, Shenyang	382	257	152	100.00%
		Ocean Paradise	Heping District, Shenyang	713	695	9	100.00%
		Yuqin Biyuan Project	Hunnan District, Shenyang	212	169	212	64.00%
				<b>1,307</b>	<b>1,121</b>	<b>373</b>	
	Changchun	Orient Palace	Nanguan District, Changchun	73	60	73	20.00%
	Qingdao	Ocean Melody	Huangdao Development Zone, Qingdao	109	107	14	100.00%
		Ocean Seasons	Laoshan District, Qingdao	146	132	18	100.00%
		Xingzhengyuan Project, Jiaozhou	Jiaozhou City, Qingdao	333	269	320	75.00%
				<b>588</b>	<b>508</b>	<b>352</b>	
	Taiyuan	Shengjian Project, Xiaodian District	Xiaodian District, Taiyuan	45	40	45	60.00%
	Zhengzhou	Ocean Melody	Zhongmu County, Zhengzhou	43	38	43	69.30%
		Ocean Prospect	Longhu Town, Xinzheng City, Zhengzhou	169	158	169	51.00%
		Yongzhixing Cold Chain Logistics Project	Airport Economic Zone, Zhengzhou	172	-	172	100.00%
				<b>384</b>	<b>196</b>	<b>384</b>	
	Xuzhou	Jiawang Logistics Project	Jiawang District, Xuzhou	86	-	86	40.00%
	Xi'an	Qinhanxincheng Logistics Project	Weicheng District, Xianyang City	67	-	67	40.00%
		Zhaocun Project	Weiyang District, Xi'an	321	316	321	50.00%
				<b>388</b>	<b>316</b>	<b>388</b>	
	Yantai	Sino-Ocean Donglai County	Laishan District, Yantai	43	42	43	100.00%
	Jinan	Tangye Project	Lixia District, Jinan	390	371	390	50.00%
				<b>9,506</b>	<b>7,730</b>	<b>5,183</b>	
<b>Total</b>				<b>56,281</b>	<b>43,728</b>	<b>40,444</b>	

The landbank by geographical locations as at 31 December 2018 and 2017 are analyzed below:



## PROPERTY INVESTMENT

Investment properties provide a steady and reliable income and cash flow to the Group in addition to the possible capital gains from appreciation in value. They also help us to diversify our risk from market turbulence in the property development business. In 2018, revenue from property investment increased by 10% to RMB1,077 million (2017: RMB977 million). As at 31 December 2018, the Group held more than 18 operating investment properties, in which the majority were office units. Our investment properties are mainly A-grade office premises, shopping malls and commercial complex with a total leasable area of approximately 1,219,000 sq.m..

List of our investment properties as at 31 December 2018 is set out as follows:

Projects	District	Approximate leasable area (sq.m.)	Office premises (sq.m.)	Retail space (sq.m.)	Others (sq.m.)	Occupancy rate as at 31 December 2018 (%)	Interest attributable to the Group (%)
Ocean Plaza (Beijing)	Xicheng District, Beijing	30,000	26,000	-	4,000	100%	72%
Ocean International Center (Beijing)	Chaoyang District, Beijing	94,000	70,000	7,000	17,000	91%	100%
Ocean We-life (Tianjin)	Binhai New District, Tianjin	28,000	-	28,000	-	96%	100%
Grand Canal Plaza (Hangzhou)	Gongshu District, Hangzhou	67,000	-	67,000	-	87%	100%
North Carolina Project (USA)	Durham, North Carolina	12,000	12,000	-	-	89%	70%
San Francisco Project (USA)	Financial District, San Francisco	6,000	6,000	-	-	90%	100%
Other Projects		66,000	16,000	35,000	15,000		
Subtotal		303,000	130,000	137,000	36,000		
<b>Other</b>							
Diamond Plaza (Beijing)	Haidian District, Beijing	22,000	20,000	-	2,000	100%	50%
INDIGO (Beijing)	Chaoyang District, Beijing	225,000	52,000	48,000	125,000	98%	50%
Ocean International Center, Phase II (Beijing)	Chaoyang District, Beijing	70,000	46,000	13,000	11,000	94%	35%
Ocean Office Park (Beijing)	Chaoyang District, Beijing	107,000	81,000	12,000	14,000	97%	53%
Ocean We-life Plaza (Beijing)	Chaoyang District, Beijing	31,000	-	31,000	-	97%	50%
Ocean We-life Plaza (Tianjin)	Hedong District, Tianjin	41,000	-	41,000	-	99%	50%
Danling International Plaza (Shanghai)	Jinjiang District, Shanghai	38,000	38,000	-	-	85%	50%
Haixing Plaza (Shanghai)	Huangpu District, Shanghai	14,000	10,000	-	4,000	59%	50%
Sino-Ocean Tower (Shanghai)	Huangpu District, Shanghai	62,000	46,000	4,000	12,000	90%	30%
Huamin Empire Plaza (Chengdu)	Jinjiang District, Chengdu	51,000	47,000	2,000	2,000	52%	50%
Sino-Ocean Taikoo Li Chengdu (Chengdu)	Jinjiang District, Chengdu	115,000	-	84,000	31,000	99%	50%
Bailibao Plaza (Shenyang)	Heping District, Shenyang	56,000	-	56,000	-	80%	50%
Other projects		84,000	17,000	24,000	43,000		
Subtotal		916,000	357,000	315,000	244,000		
<b>Total</b>		<b>1,219,000</b>	<b>487,000</b>	<b>452,000</b>	<b>280,000</b>		

## COMMERCIAL PROPERTIES IN PROGRESS

The Group has built a sound foundation for office complex operation and management since the development of commercial properties in 2010. The Group has cultivated strengths in commercial project positioning, planning and design, development and construction, investment attraction and project operation. Currently, the Group has several commercial property projects in progress across China, including grade A offices, high-class shopping centers, five-star hotels and high-quality serviced apartments.

For the year ended 31 December 2018, revenue from property investment amounted to RMB1,077 million. The Group currently has over 18 operating investment properties. During 2018, the Group newly acquired 2 investments in China, which added resources to our high-end and well-developed office premise portfolio.

The Group now has approximately 1,219,000 sq.m. commercial real estate resources in operation, with office developments and commercial complexes and carparks accounting for about 40% and 60% respectively. In addition, the Group has commercial property resources pending for development and operation by stages between 2018 and 2020. These include offices in Beijing CBD, shopping centers in Beijing Tongzhou district and other high-class commercial complexes. Going forward, the commercial property brand will boast a strong portfolio of cross-regional and diversified products. They will provide a sound foundation for favourable investment yield and profitability level in the future.

### >> Property Management

For the year ended 2018, the Group's revenue from property management services amounted to RMB1,129 million, representing an increase of 21% compared to RMB930 million in 2017, mainly because of the improvement in operating ability and synergy with major development business.

A total area under management of approximately 56 million sq.m. (2017: approximately 45 million sq.m.) was covered by the Group's property management services.

## OTHER INFORMATION

Details of the Group's business combination during the year are set out in note 50 to the consolidated financial statements of this annual report.

### >> Risk of Exposure to Exchange Rate Fluctuations and Related Hedging

In 2018, 38% of the Group's total borrowings were denominated in USD and HKD. As a result, the Group had a net currency exposure to fluctuation in foreign exchange rates. As Renminbi has been facing the trend of depreciation, the Group is adjusting our proportion of borrowings in foreign currencies and has entered into certain forward contracts so as to reduce the exchange loss in future year. The Group has never engaged in the dealing of any financial derivative instruments for speculative purpose.

In view of the potential Renminbi exchange rate fluctuations, the Group will further consider arranging for monetary and interest rate hedge at appropriate times to avoid the corresponding risks.

Details of the Group's foreign exchange risk are set out in note 5.1(a)(i) to the consolidated financial statements of this annual report.

## EMPLOYEES AND HUMAN RESOURCES

As at 31 December 2018, the Group had 13,131 employees (31 December 2017: 10,081 employees), the increment of manpower is resulted by the expansion of business and new city entrances. Both manpower effectiveness and control capability of the Group had been strengthened during the year.

During 2018, taking into account the amortization of share options, the level of our overall staff cost was approximately RMB2,565 million (2017: RMB2,081 million). The Group believes the share option scheme implemented in previous years will provide long-term incentive and rewards to our staff.

The Group will continuously review our salary and compensation schemes to make them competitive to retain our talented staff and also provide various training and development programs so that these talented staff can ultimately bring in higher return to our shareholders and investors.



# MAJOR AWARDS AND RECOGNITIONS ≪≪

## OVERSEAS AWARDS RECEIVED



Award received: **2018 Listed Company Awards of Excellence — Main Board (large market capitalization)**  
 Issuing organisation: Hong Kong Economic Journal



Award received: **Listed Enterprises of the Year 2018**  
 Issuing organisation: Bloomberg Businessweek/Chinese Edition



Award received: **ARC Award: 2017 Annual Report — Traditional Annual Report — Property Development: Commercial — Gold**  
**ARC Award: 2017 Annual Report — Interior Design — Property Development: Commercial — Silver**  
**ARC Award: 2017 Annual Report — Interior Design — Real Estate Integrated Development and Investment — Bronze**  
**ARC Award: 2017 Annual Report — Interior Design — Property Development: Residential — Bronze**  
**ARC Award: 2017 Annual Report — Traditional Annual Report — Property Development: Residential — Honor**  
 Issuing organisation: MerComm, Inc.



Award received: **IADA Award: 2017 Annual Report — Traditional format — Commercial Real Estate/Retail: Silver**  
**IADA Award: 2017 Annual Report — Traditional format — Commercial Real Estate/Office: Silver**  
**IADA Award: 2017 Annual Report — Traditional format — Real Estate Development: Silver**  
**IADA Award: 2017 Annual Report — Interior Design — Commercial Real Estate/Retail: Honor**  
 Issuing organisation: IADA International Limited

## DOMESTIC AWARDS RECEIVED



Award received: **China Real Estate Fashion Awards 2018: Real Estate Developers with the Best Investment Value in China of the year**

Issuing organisation: Guardian New Media



Award received: **2018 Top 10 China Real Estate Developers with Market Attention**

Issuing organisation: EC Consulting



Award received: **2018 Top 10 China Green Real Estate Developers**

Issuing organisation: Biao Zhun



Award received: **The Billboard of Valuable Brands of China Real Estate 2018 — Honors Award**

Issuing organisation: China Real Estate Journal



Award received: **The Billboard of the Most Valuable Real Estate Enterprises of China for 2018 — the Most Valuable Real Estate Enterprise**

Issuing organisation: National Business Daily



Award received: **2018 Top 30 China Real Estate Listed Developers**

Issuing organisation: EC Consulting



Award received: **2018 Top 10 Brands of China Real Estate Developing Products**

Issuing organisation: EC Consulting



Award received: **2018 China Healthy Construction Operation Role Model**

Issuing organisation: Biao Zhun



Award received: **The 15th (2018) China Blue Chip Real Estate Developer**

Issuing organisation: The Economic Observer



Award received: **The Billboard of Valuable Brands of China Real Estate — Top 100 (RMB51.19 billion)**

Issuing organisation: China Real Estate Journal

# INVESTOR RELATIONS ≪≪

Our Group adheres to the best practice in information disclosure in terms of accuracy, transparency and consistency. The Group is committed to maintaining highly honest, sincere and effective communication with the financial community and other stakeholders. Our goals are to deepen investors' understanding and approval of the Group's strategies, to raise the quality of internal management and to maximize the Group's value.

## PROMOTING COMPANY VALUE THROUGH OPEN COMMUNICATION

In 2018, the downward pressure on the economy in China deepened. The financial market experienced numerous turbulences and macro measures on the real estate industry continued. The principles of 'building long-term mechanisms for the healthy development of the property market' and 'properties for accommodation not speculation' determined the positioning of the industry. The frequent launching of macro measures in key cities effectively controlled the rise of housing prices on the whole. At the same time, credits continued to tighten, differentiation of the industry became more acute and consolidation heightened.

In light of the changing economic environment and the normalized development of the industry, the Group were agile in response and maintained continuous communication with the investors. The Group emphasized the directives of 'focusing on expanding residential property and achieving synergy with other businesses'. The Group scored historic break-through in the residential development business with sales exceeding RMB100 billion while pursuing further the strategy of city clusters concentration. Other businesses also achieved independent, rapid and solid growth. Commercial properties actively moved towards light asset and synergy with the principal business. This strategy won investors' approval. In 2019, the Group will continue to raise performance through 'striving for progress', the spirit of last year, and 'crafting meticulously', the essence of this year.

In 2018, the Group made proactive communication with analysts and investors through results announcements and road shows. The Group also arranged small group meetings between management and investors. These meetings were highly effective and enjoyed very positive feedback. They served to reinforce understanding and trust between the Group and the capital market. Furthermore, we continued to generate opportunities to interact with analysts and investors individually. On the one hand, the Group attended investors' conferences and communicated constantly. In 2018, we attended conferences in Beijing, Shanghai, Shenzhen, Hong Kong, Japan and Macau organized by 16 securities firms. The Group also conducted in-depth one-on-one discussions with over 200 institutional and individual investors. On the other hand, in view of the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, the Group actively explored new channels of communication with over 50 funds and securities firms in mainland China. We also hosted more than 200 stakeholders at some 80 project site visits, enabling them to better understand the latest developments in the Group's various business segments.

Through these events and discussions, we were able to foster a deeper understanding and appreciation of the Group's progress, business plan and strategic development among fund managers, institutional and individual investors, analysts and other interested parties. Meanwhile our management also gained better knowledge of the expectations and demands of the capital market on the Group. The Group will seriously consider and put into practice all constructive suggestions.

### 2018 Investor relations activities





## ENSURING FAIR DISCLOSURE AND MAINTAINING TRANSPARENCY

In 2018, the Group maintained the high standards of information disclosure to ensure the timely dissemination of relevant corporate information via the official website and other channels. In addition, the Group published the monthly unaudited operating statistics on the HKEX website and shared information on the Group's latest development via investors groups to boost transparency and to ensure proper and fair access to relevant data for all parties in the capital market.

In 2018, with new coverage of two offshore and one domestic securities firms we enjoyed coverage from 24 securities firms, including Citi, JPMorgan, Credit Suisse, Goldman Sachs, HSBC, BNP, BOCI, Nomura, DBS, Macquarie, Mizuho and OCBC, the majority of which rated Sino-Ocean Group as 'out-performed the market', 'buy' or 'hold'.

## LISTENING ATTENTIVELY AND RECEPTIVELY FROM A WIDE SPECTRUM

The Group listened carefully to the shareholders' concerns and addressed them efficiently. In May 2018, the Group held the Annual General Meeting attended by over 200 shareholders and stakeholders; and in August the Group held the Extraordinary General Meeting. As always, after each meeting management representatives reserved time for individual shareholders to voice their opinions and concerns, ensuring all parties present were given opportunity to discuss the key issues with the representatives.

The Group will continue efforts to gain more coverage and obtain more recommendations from securities firms, with the goal of promoting investors' approval, confidence and loyalty, as well as protecting their interests. We are grateful to all stakeholders for their remarkable support. If you have any questions or comments with regards to our work, please contact us at [ir@sinooceangroup.com](mailto:ir@sinooceangroup.com). The Group promise to provide answers to the extent permitted by applicable laws, regulations and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

- Goldman Sachs China Conference 2018
- Jefferies 8th Annual Greater China Conference
- Bank of America Merrill Lynch 2018 China Conference



- 2018 Interim results and post-results roadshows

- Mizuho Investment Conference
- Nomura China Investor Forum 2018

- 13th Citi China Investor Conference
- Huatai Securities 2019 Investment Strategy Conference

# SUSTAINABILITY REPORT ≪

In 2018, Sino-Ocean Group was moving forward on the road to positive impacts on the environment and society while exploring and practicing sustainable development.

The Healthy Bloom, Together for Value — Sustainable Development Report 2017 of Sino-Ocean Group released on 12 June 2018 is the 8th social responsibility related report released by the Group and fully discloses the Group's environmental performance data for the very first time, making the Group's close integration of environmental and social responsibility awareness into operations management and demonstrating a firm practices of concept of "Building • Health". The report has received a 5-star rating (highest rating) from the "Expert Committee on Rating of Corporate Social Responsibility Reports of Chinese Enterprises" of the Chinese Academy of Social Sciences and a GRESB four-star rating. In August 2018, the Group was once again selected as a constituent stock of the Hang Seng Corporate Sustainability Index Series, indicating the capital market's recognition of the sustainability work of Sino-Ocean Group.

## **MANAGING SUSTAINABILITY WITH SYSTEM CONSTRUCTION**

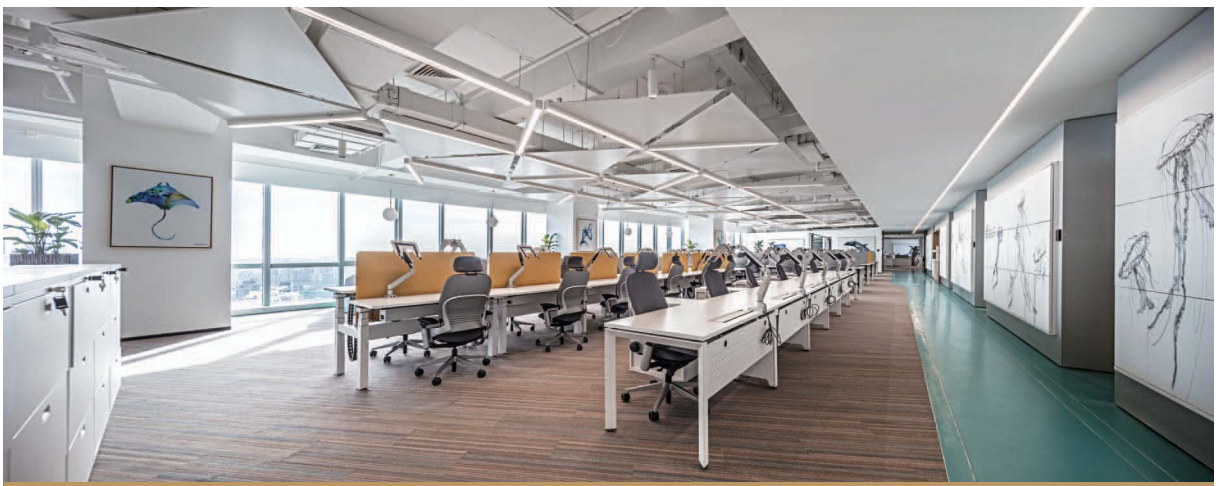
As its strategic upgrading advances, Sino-Ocean Group's sustainability management has been gradually integrated into its multi-dimensional, systemic professional management of business operations. In response to the increasingly stringent requirements on non-financial information disclosure, with the sustainability data system developed by the Group running smoothly, the Group repeatedly carried out reporting, auditing, feedback, upgrading, testing and training to ensure the truthfulness, completeness and accuracy of the information disclosed, laying a solid foundation for the overall improvement of the Group's management capabilities. In addition to the system platform support, in order to improve its sustainability management capabilities, the Group issued a series of management measures including the Sustainability Management Measures of Sino-Ocean Group, which specify the Group's sustainability management structure and daily operation mechanism and will navigate the Group's sustainability work through uncertainties.

## IN-DEPTH IMPLEMENTATION OF HEALTH CONCEPT TO ACTIVELY LEAD A HEALTHY LIFE

Nowadays, “health” is not only a label attached to residential products, but also a basic standard for the development of diversified products and services such as office and commercial buildings and elderly care services to meet social expectations and public needs. Faced with this higher demand of the public in the new era, Sino-Ocean Group will take “Building • Health” as the core values of its brand.

Sino-Ocean Group’s concern for and investment in the health of employees are also increasing. The new office area of Sino-Ocean Group’s headquarters is elaborately built in accordance with the standards of both Sino-Ocean’s Health Building System and WELL Platinum Certification. After a series of rigorous tests, the new office area of Sino-Ocean Group’s headquarters is expected to become the largest office area in China that has passed WELL’s highest-level certification. This new office area is constructed in the first principles of green, health, environmental protection and energy conservation and using materials and processes that are the results of Sino-Ocean Group’s practices of health standards over the years.

At the same time, Sino-Ocean Group has extended the health concepts and actively led the concept of healthy life by hosting the second edition of “Sino-Ocean Charity Run” to promote the participation of employees, customers and partners in 35 cities across the country.



## **KEEPING SERVICE SPIRIT IN MIND AND LISTENING TO THE VOICE OF THE CUSTOMERS**

To enable senior executives of the Group to hear the voice of direct customers and have a clearer and more accurate understanding of the Group's product design and planning, the Group made a decision "for senior executives to listen to the voice of direct customers" and encouraged executives of the Group and its divisions to listen to the demands of customers on the 400 customer service platform.

## **FOCUSING ON TALENT CULTIVATION TO ACHIEVE COMMON GROWTH**

In 2018, Sino-Ocean Group won the award of "2018 Excellent Real Estate Enterprise of China in Talent Cultivation". The Group always attaches great importance to the cultivation of talents, and insists on competition-based and rotary training to promote employee learning and training in the "competition" process. Meanwhile, based on "training battles", the Group provides employees with classroom courses in various forms and strengthen the combination of training and practical work to facilitate the rapid growth of employees. Sino-Ocean Group will continue to uphold the culture of "common growth and building health", make innovative changes and deepen the construction of learning organization to create a healthy and sustainable growth space and organizational atmosphere for employees.

## **ADVOCATING RESPONSIBLE VALUE CHAIN WITH THE RELEASE OF SUPPLIER CODE OF CONDUCT**

The Group takes the advocacy of a responsible value chain very seriously and is concerned about the social responsibility performance of suppliers. As such, the Group mobilizes suppliers to fulfill their social responsibility and hope to work with suppliers that share the same values and social responsibility with us to develop green and healthy buildings. In order to further specify the Group's advocacy for suppliers to fulfill their social responsibility, the Group issued the Code of Conduct for Suppliers of Sino-Ocean Group in 2018. This is another clear statement of our advocacy for suppliers to fulfill their social responsibility following the Letter of Commitment on Integrity and Self-discipline.



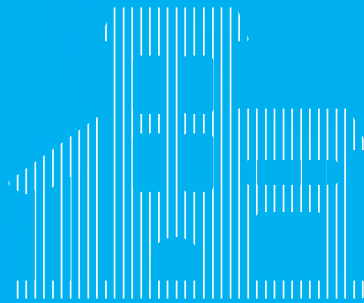
## A DECADE OF EDUCATION SUPPORT WITH MANY AWARDS

As an enterprise with a sense of industry mission and social responsibility, Sino-Ocean Group has incorporated the concept of corporate social responsibility into its business operations and devoted itself to charitable causes since its inception. The Group established the Beijing Sino-Ocean Charity Foundation on its own in 2018 to systematically undertake its corporate social responsibility. The Foundation is mainly engaged in supporting education causes with the slogan of “propping up children’s knowledgeable tomorrow” and has explored an educational poverty alleviation model with Sino-Ocean’s characteristics. In particular, the “Children Growth Plan” is the core program set up by the Foundation. It focuses on helping poor children in remote and backward ethnic minority areas to improve their study and living conditions with financial and material support for cultural inheritance and literacy cultivation, with a view to creating a more promising future for the children. Over the past decade, the Foundation’s charitable programs have been implemented in a solid and effective manner. It has donated a total of more than RMB120 million, covering 57,000 people in 64 schools in 10 provinces and cities across the country and affecting more than 30 million people. During the period, the Foundation repeatedly won many awards such as the Capital Charity Award — Excellent Charity Program, the Annual Charity Program and the Best Tribute Award (最佳致敬獎).

For more details, please refer to the Sustainable Development Report 2018 of Sino-ocean Group. The report will be published on the website of the Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company’s website ([www.sinooceangroup.com](http://www.sinooceangroup.com)) within the time limit stipulated by the Listing Rules.



# RESIDENTIAL DEVELOPMENT



Sino-Ocean Real Estate is committed to the making of homes for healthy life through the provision of health-friendly products and services in line with its expertise of delivering “Homes for Health Life”.

Residential property development remains the core driver for Sino-Ocean Group’s growth in scale.

Sino-Ocean remains committed to metropolitan regions commanding “sustained economic growth and a strong concentration of population”. We start from strategic core cities and maximize value gained from these cities by tapping their surrounding areas and we successfully root in cities clusters which are under the national key planned development, such as the Beijing-Tianjin-Hebei Region, the Yangtze River Delta region, the Yangtze Mid-stream region, the Pearl River Delta Region and the Chengdu-Chongqing region. With the growing recognition of the brand of Sino-Ocean Real Estate in China, our properties under the name of “Ocean Landscape”, “Ocean Melody” and “Ocean Epoch” have become well-known mid- to high-end residential products brands.





### Beijing Ocean Wuliepoch

Project location: Shijingshan District, Beijing

Total GFA: 595,000 sq.m.



### Beijing Ocean Epoch

Project location: Shijingshan District, Beijing

Total GFA: 264,000 sq.m.

# LAND BANK DISTRIBUTION

Our land bank has been distributed to  
45 cities throughout tier-one and tier-two cities



No. of projects: **57**

## BEIJING-TIANJIN-HEBEI REGION

Beijing, Tianjin, Shijiazhuang, Lanfang,  
Zhangjiakou, Qinhuangdao

Total GFA: 22,241,000 sq.m.  
Total landbank: 17,032,000 sq.m.



No. of projects: **18**

## CHENGDU-CHONGQING REGION

Chengdu, Chongqing, Langfang

Total GFA: 3,597,000 sq.m.  
Total landbank: 2,751,000 sq.m.



No. of projects: **11**

## YANGTZE MID-STREAM REGION

Wuhan, Hefei, Changsha, Nanchang

Total GFA: 4,896,000 sq.m.  
Total landbank: 4,111,000 sq.m.



No. of projects: **42**

## YANGTZE RIVER DELTA REGION

Shanghai, Hangzhou, Nanjing, Suzhou, Wuxi,  
Jiaxing, Chuzhou, Changzhou, Taizhou, Shaoxing,  
Wenzhou, Xiamen, Zhangzhou

Total GFA: 5,798,000 sq.m.  
Total landbank: 4,608,000 sq.m.



No. of projects: **32**

## PEARL RIVER DELTA REGION

Zhongshan, Shenzhen, Guangzhou, Foshan, Hong Kong,  
Zhanjiang, Maoming, Sanya, Haikou

Total GFA: 10,243,000 sq.m.  
Total landbank: 6,759,000 sq.m.

No. of projects: **23**

## OTHER REGIONS

Dalian, Shenyang, Changchun, Qingdao, Taiyuan,  
Zhengzhou, Xuzhou, Xi'an, Yantai, Jinan

Total GFA: 9,506,000 sq.m.  
Total landbank: 5,183,000 sq.m.

### Shanghai Wellness Masterpiece

Project location: Qingpu District, Shanghai  
Total GFA: 49,000 sq.m.



### Chongqing Poetry of Landscape

Project location: Shapingba District, Chongqing  
Total GFA: 166,000 sq.m.



### Beijing Royal River Villa

Project location: Chaoyang District, Beijing  
Total GFA: 132,000 sq.m.



### Zhengzhou Ocean Prospect

Project location: Xinzheng City, Zhengzhou, Henan Province  
Total GFA: 169,000 sq.m.



### Shijiazhuang Vigorous Mansion

Project location: Chang'an District, Shijiazhuang, Hebei Province  
Total GFA: 228,000 sq.m.

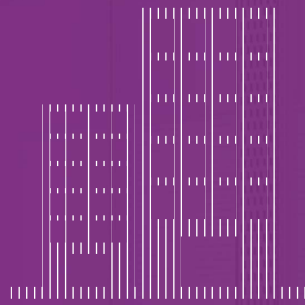


### Nanjing Ocean Landscape

Project location: Jiangning District, Nanjing, Jiangsu Province  
Total GFA: 147,000 sq.m.



# INVESTMENT PROPERTIES



Sino-Ocean commercial property seeks leaping developments with its focus on “complexes and offices” as strategic products, enters into business involving offices, complexes and retail space. Sino-Ocean has well-developed internal control system and teams of professional marketing, construction and operation personnel.

We are focused on strengthening our investment holdings in upmarket projects of office properties in core tier-one cities, such as Beijing, Shanghai, Guangzhou and Shenzhen while the focus of urban complexes business will be placed on the investment, development and operation of mid-to high-end urban projects in tier-one cities and certain potential and economically advanced tier-two cities.



**Ocean International Center (Beijing)**

(LEED-EB Platinum-class Certification)

Project location: Chaoyang District, Beijing  
Leaseable area: 94,000 sq.m.



**Ocean Office Park (Beijing)**

(BOMA COE Certification)

Project location: Chaoyang District, Beijing  
Leaseable area: 107,000 sq.m.



**INDIGO (Beijing)**

Project location: Chaoyang District, Beijing  
Leaseable area: 225,000 sq.m.



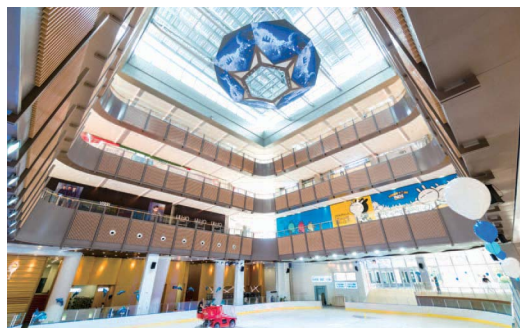
**Sino-Ocean Taikoo Li Chengdu (Chengdu)**

Project location: Jinjiang District, Chengdu, Sichuan Province  
Leaseable area: 115,000 sq.m.



**Sino-Ocean Shin Kong Project (Beijing)**

Project location: Tongzhou District, Beijing  
Leaseable area: 479,000 sq.m.



**Grand Canal Plaza (Hangzhou)**

Project location: Gongshu District, Hangzhou, Zhejiang Province  
Leaseable area: 67,000 sq.m.

# OTHER COLLABORATIVE BUSINESS 《《



**Senior Living**

Senior Living L'Amore is an international retirement care brand of Sino-Ocean, which serves elder people of different age groups and provides all-rounded senior living services.

**A service system featured with international standards takes the lead in cultivating senior living quality**

Senior Living L'Amore is committed to creating an all-year-round retirement care service system, allowing senior citizens to enjoy the time during their stay at Senior Living L'Amore.

**Full service cycle 4C product line customizes homeland for the elderly**

Sino-Ocean designed and developed the 4C product line of Continuing Living Retirement Community (CLRC), Care Building (CB), Care Center (CC) and Care-based Nursing (CBN), aiming to provide services for all levels covering the full life-cycle.

**Establishment of Senior Living L'Amore branches in every city across the nation**

Currently, Senior Living L'Amore has marked its presence in major cities across the nation, namely in Beijing, Shanghai, Guangzhou, Wuhan, Chengdu, Suzhou, Hangzhou, Nanjing, Tianjin, Dalian, Sanya and Haikou.





**Property Management:**  
**Ocean Homeplus**

**200**

200 projects in operation

**56M**

Area under management  
56,000,000 sq.m.

**800K**

800,000 property owners



**Long-term Rental  
Apartment:**  
**Boonself**

**12**

12 projects in operation

**3,452**

3,452 rooms



Boonself Beijing Youth Road Branch



# BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT 《



## **Executive Director** Mr. LI Ming (李明)

Mr. LI Ming, aged 55, is the Chairman of the Board, an Executive Director, the Chief Executive Officer, Chairman of the Nomination Committee and Chairman of the Investment Committee of the Board. Mr. Li joined the Company as a general manager in July 1997 and became the Chief Executive Officer in August 2006 before serving as the Chairman of the Board since March 2010. Mr. Li is a non-executive director, honorary chairman of the board and chairman of the nomination committee of Gemini Investments (Holdings) Limited (stock code: 0174.HK) ("Gemini"), an indirect subsidiary of the Company. Mr. Li has extensive experience in corporate governance, property development and investment and management of listed companies. Mr. Li graduated from Jilin University of Technology (now known as "Jilin University") and obtained a bachelor's degree of Engineering in 1985, graduated from the Graduate School of Chinese Academy of Social Sciences in 1996, and graduated from the China Europe International Business School and obtained a master's degree in Business Administration in 1998. Mr. Li is currently a member of the 13th National Committee of the Chinese People's Political Consultative Conference, the honorary vice-president of the China Real Estate Association ("CREA"), a Chartered Builder of The Chartered Institute of Building, UK and also a senior engineer. Mr. Li was a member of the 10th and 11th Beijing Municipal Committees of the Chinese People's Political Consultative Conference and deputy to the 13th, 14th and 15th People's Congress of Chaoyang District of Beijing. He was an advisory expert of the Ministry of Housing and Urban-Rural Development at real estate market regulation.



## **Executive Director** Mr. WEN Haicheng (溫海成)

Mr. WEN Haicheng, aged 49, is an Executive Director and the Executive President of the Company. Mr. Wen joined the Company in January 2009. Mr. Wen was the general manager of the Construction Business Division of China State Construction Engineering Corporation Limited, with extensive experience in engineering construction and project management. Mr. Wen graduated from Chongqing Institute of Architecture and Civil Engineering and obtained a bachelor's degree in 1992, graduated from Chongqing Jianzhu University and obtained a master's degree in 1999, graduated from Chongqing University and obtained a doctorate degree in 2007, and graduated from China Europe International Business School and obtained a master's degree in Executive Master of Business Administration in 2016. Mr. Wen is currently the vice president of the 8th council of CREA and executive chairman of Commercial Cultural Tourism Real Estate Committee of CREA, a Chartered Builder of The Chartered Institute of Building, UK and a senior engineer at professor level.



## **Executive Director** Mr. SUM Pui Ying (沈培英)

Mr. SUM Pui Ying, aged 57, is an Executive Director and the Chief Financial Officer of the Company. Mr. Sum joined the Company in May 2007. Mr. Sum is also an executive director and chief executive officer of Gemini. He has extensive experience in corporate management of listed companies, investment and financing and financial management. Mr. Sum graduated from the Hong Kong Polytechnic University and obtained a professional diploma in Accounting in 1988, graduated from the University of Wales and obtained a master's degree in Business Administration in 1991, and graduated from the University of Hong Kong and obtained a diploma in Legal Studies in 1996. Mr. Sum is currently a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Institute of Chartered Accountants in England & Wales.



### Non-Executive Director Mr. ZHAO Lijun (趙立軍)

Mr. ZHAO Lijun, aged 55, is a Non-Executive Director of the Company and a member of the Audit Committee of the Board. Mr. Zhao joined the Group in October 2016. Mr. Zhao is currently the vice president of China Life Insurance Company Limited (“China Life”). Mr. Zhao served various positions in China Life Insurance (Group) Company (“China Life Insurance Group”), including the chief financial officer and general manager of the Financial Department. Mr. Zhao graduated from Anhui Finance & Trade College with a bachelor’s degree in Industrial Accounting and Finance under the Accounting Department in 1987 and graduated from Tsinghua University with a master’s degree in Executive Master of Business Administration in 2010. Mr. Zhao is a senior accountant. Mr. Zhao is nominated by China Life, a substantial shareholder of the Company.



### Non-Executive Director Mr. FU Fei (符飛)

Mr. FU Fei, aged 47, is a Non-Executive Director of the Company and has been appointed as a member of the Investment Committee of the Board since September 2018. Mr. Fu joined the Group in May 2018 and is a PhD graduate. Mr. Fu is currently the director of risk resolution and legal affairs department of China Insurance Security Fund Co., Ltd., and the deputy head of takeover working team of Anbang Insurance Group Co., Ltd. (“Anbang”). Mr. Fu has extensive experience in insurance, banking and legal aspects. Mr. Fu is nominated by Anbang, a substantial shareholder of the Company.



### Non-Executive Director Mr. FANG Jun (方軍)

Mr. FANG Jun, aged 50, is a Non-Executive Director of the Company and a member of the Investment Committee of the Board. Mr. Fang joined the Group in May 2014. Mr. Fang is currently an executive director and vice president of China Life Insurance (Overseas) Company Limited. Prior to that, Mr. Fang served various positions in China Life Insurance Group, including but not limited to the general manager of the investment management department. He was also a non-executive director of CITIC Securities Company Limited, a company listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Shenzhen Stock Exchange. Mr. Fang obtained a bachelor’s degree in Laws from Renmin University of China in 1991 and a master’s degree in Laws and a doctorate degree in Management from the Graduate School of Chinese Academy of Social Sciences in 1996 and 1999, respectively. Mr. Fang is a senior economist. Mr. Fang is nominated by China Life, a substantial shareholder of the Company.



### **Non-Executive Director** Ms. LI Liling (栗利玲)

Ms. LI Liling, aged 46, is a Non-Executive Director of the Company and has been appointed as a member of the Audit Committee of the Board since September 2018. Ms. Li joined the Group in August 2018. Ms. Li is currently a member of takeover working team of Anbang formed by the China Banking and Insurance Regulatory Commission. Ms. Li graduated from Research Institute for Fiscal Science, Ministry of Finance and obtained a doctorate degree in Accounting in 2011. Ms. Li is a member of The Chinese Institute of Certified Public Accountants and has extensive experience in accounting and financial management. Ms. Li is nominated by Anbang, a substantial shareholder of the Company.



### **Independent Non-Executive Director**

#### Mr. HAN Xiaojing (韓小京)

Mr. HAN Xiaojing, aged 64, is an Independent Non-Executive Director of the Company, the Chairman of the Remuneration Committee and a member of the Nomination Committee of the Board. Mr. Han joined the Group in June 2007. Mr. Han is the founding partner of the Commerce & Finance Law Offices. He has over 30 years' experience in the practice of corporate and securities laws in China, especially in the restructuring of large-scale state-owned enterprises and private companies and offshore listing of Chinese companies. Mr. Han is currently an independent non-executive director of Far East Horizon Limited, a company listed on the Stock Exchange. He has been serving as an independent director of Ping An Bank Co., Ltd., a company listed on the Shenzhen Stock Exchange, since February 2014, an independent director of Beijing Sanju Environmental Protection and New Material Co., Ltd., a company listed on the Shenzhen Stock Exchange, since April 2014 and an external director of China National Aviation Fuel Group Limited since December 2017. Mr. Han was a supervisor of Beijing Capital International Airport Company Limited and an independent non-executive director of Sinotrans Limited, companies listed on the Stock Exchange, and an independent director of Shenzhen Overseas Chinese Town Holding Company Limited, a company listed on the Shenzhen Stock Exchange. Mr. Han graduated from China University of Political Science and Law and obtained a master's degree in Law in 1985.



### **Independent Non-Executive Director**

#### Mr. SUEN Man Tak (孫文德)

Mr. SUEN Man Tak, aged 60, is an Independent Non-Executive Director of the Company and a member of the Audit Committee and Remuneration Committee of the Board. Mr. Suen was a member of the Nomination Committee of the Board from December 2015 to September 2018. Mr. Suen joined the Group in December 2015. Mr. Suen has extensive experience in the enforcement of securities and futures related legislation as well as commercial crime investigations. Mr. Suen had served with the Securities and Futures Commission of Hong Kong (the "SFC") for more than 17 years. He is now a practicing barrister-at-law specializing in litigation and advisory work on the Securities and Futures Ordinance, the Codes on Takeovers and Mergers and Share Buy-backs, the Rules Governing the Listing of Securities on the Stock Exchange, the Code of Conduct for Persons Licensed by or Registered with the SFC, market misconduct, white collar crimes and anti-money laundering activities. Mr. Suen was an independent non-executive director of Neo-Neon Holdings Limited, a company listed on the Stock Exchange, from August 2013 to September 2014. He also acted as an executive director and non-executive director of Upbest Group Limited, a company listed on the Stock Exchange from April 2007 to June 2012 and from June 2012 to December 2015, respectively. Mr. Suen is a member of the Board of Review under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) since 1 July 2014. Mr. Suen received his master's degree in Accountancy from the Charles Sturt University, Australia in September 1996. He further obtained a degree of Juris Doctor in July 2010 and a postgraduate certificate in Laws in July 2011, both from the City University of Hong Kong. He was called to the Hong Kong Bar in February 2013. Mr. Suen has been a member of the Hong Kong Institute of Certified Public Accountants since July 1998 and a member of the Hong Kong Securities and Investment Institute since April 1999.



## Independent Non-Executive Director

Mr. WANG Zhifeng (王志峰)

Mr. WANG Zhifeng, aged 63, is an Independent Non-Executive Director of the Company and a member of the Nomination Committee and Remuneration Committee of the Board. Mr. Wang joined the Group in March 2016. He is currently the retired cadre of the head office of Agricultural Bank of China Limited (the "Agricultural Bank", and together with its subsidiaries, the "Agricultural Bank Group"). Mr. Wang joined the Agricultural Bank Group in August 1978 and has over 37 years' experience in finance and management. Mr. Wang also served as the head and the secretary of the Communist Party Committee of Dalian Branch of the Agricultural Bank and a supervisor of Agricultural Bank of China Financial Leasing Co., Ltd. Mr. Wang is an independent non-executive director of Dalian Port (PDA) Company Limited, a company listed on the Stock Exchange, since October 2014. Mr. Wang graduated from Shenyang Agricultural College with master's degree in Economic Management. Mr. Wang is a senior economist.



## Independent Non-Executive Director

Mr. JIN Qingjun (靳慶軍)

Mr. JIN Qingjun, aged 61, is an Independent Non-Executive Director of the Company and a member of the Audit Committee and Investment Committee of the Board. Mr. Jin joined the Group in March 2016. Mr. Jin is currently the senior partner of King & Wood Mallesons, Beijing. His major areas of practice include securities, finance, investment, corporate and insolvency, as well as foreign-related legal affairs. Mr. Jin currently serves as an independent non-executive director of each of Times China Holdings Limited (formerly known as Times Property Holdings Limited), a company listed on the Stock Exchange, Guotai Junan Securities Co., Ltd., a company listed on the Stock Exchange and the Shanghai Stock Exchange, Bank of Tianjin Co., Ltd., a company listed on the Stock Exchange, Zhong Fa Zhan Holdings Limited, a company listed on the Stock Exchange, and an external supervisor of China Merchants Bank Co., Ltd., a company listed on the Stock Exchange and the Shanghai Stock Exchange. Mr. Jin was an independent director of Gemdale Corporation, a company listed on the Shanghai Stock Exchange and Masterwork Machinery Co., Ltd., a company listed on the Shenzhen Stock Exchange, a director of Konka Group Co., Ltd., a company listed on the Shenzhen Stock Exchange, and an independent non-executive director of China International Marine Containers (Group) Co., Ltd., a company listed on the Stock Exchange and the Shenzhen Stock Exchange. Mr. Jin graduated from China University of Political Science and Law and obtained a master's degree in Law.



## Independent Non-Executive Director

Ms. LAM Sin Lai Judy (林倩麗)

Professor LAM Sin Lai Judy, aged 64, is an Independent Non-Executive Director of the Company, the Chairman of the Audit Committee and a member of the Investment Committee of the Board. Professor Lam joined the Group in August 2017. Professor Lam is currently a senior consultant of the Institute of New Economic Thinking. She has been appointed as the chancellor and board director of Wuhan College from 2015 to June 2017 and has been appointed as the board director and the chairman of the committee on education strategy since 2018. Professor Lam is the first scholar in Hong Kong who was awarded a PhD in accounting at The Chinese University of Hong Kong and is the first Cheung Kong chair professor in accounting engaged by the Ministry of Education of the PRC in Xiamen University. Professor Lam also holds positions as honorary professor and visiting professor at several universities in Mainland China. Recently Professor Lam co-authored a book, titled *Business Sustainability in Asia*, published by Wiley. From 2001 to 2004, Professor Lam was elected as a council member of the Hong Kong Institute of Certified Public Accountants and also served as the vice-chairman of Corporate Governance Committee of Hong Kong Institute of Certified Public Accountants. Professor Lam is a fellow member of the Hong Kong Institute of Certified Public Accountants, a chartered professional accountant and chartered accountant of the Chartered Professional Accountants of British Columbia, a fellow member of The Institute of Chartered Secretaries and Administrators, a fellow member of The Hong Kong Institute of Chartered Secretaries, a fellow member of CPA Australia, a fellow member of The Institute of Chartered Accountants in England and Wales and the vice-chairman of its Chinese committee. In 2018, Professor Lam was awarded the Honorary Member of the Chinese Institute of Certified Public Accountant in Shenzhen. In 2019, Professor Lam was invited by the Chinese Institute of Certified Public Accountant as an editorial member of its professional journal *Chinese Certified Public Accountant*.

## SENIOR MANAGEMENT

### >> Mr. LI Hu (李虎)

Mr. LI Hu, aged 47, is the Executive President of the Company. Mr. Li joined the Company in March 2016, Mr. Li served as the deputy general manager of the investment management department in China Life Insurance Group, with extensive experience in investment management and capital operation. Mr. Li graduated from Xi'an Statistical Institute and obtained a bachelor's degree in Management of National Economy in 1994.

### >> Mr. CUI Hongjie (崔洪杰)

Mr. CUI Hongjie, aged 46, is the Executive President of the Company, and also the general manager of the product construction department. Mr. Cui joined the Company in August 1996 and has served as general manager of costing and engineering department, general manager of technology and cost department, assistant to CEO and vice president of the Company, with extensive experience in operation and development of real estate, engineering and construction. Mr. Cui graduated from Beijing University of Technology and obtained a master's degree in Structural Engineering in 2001. Mr. Cui is a member of the Royal Institution of Chartered Surveyors.

### >> Mr. WANG Honghui (王洪輝)

Mr. WANG Honghui, aged 39, is the Vice President of the Company, and also the general manager of Sino-Ocean Capital Limited. Mr. Wang joined the Company in July 2005 and has served as the investment head for the Beijing region, general manager of the secretarial administration department, general manager of the CEO management centre and general manager of capital operation department of the Company, with extensive experience in real estate investment, equity investment and capital operation. Mr. Wang graduated from Renmin University of China and obtained a bachelor's degree in Real Estate Operation and Management in 2002 and graduated from the Chinese Academy of Social Sciences and obtained a master's degree in Regional Economics from in 2004.

### >> Mr. CHEN Wei (陳偉)

Mr. CHEN Wei, aged 34, is the Vice President of the Company, and also the general manager of Northern Region Division. Mr. Chen joined the Company in July 2006 and has served as the general manager of the development management department, general manager of the Tianjin Company and general manager of the Northern Region Division of the Company, with extensive experience in operation and development of real estate and investment management. Mr. Chen graduated from Tsinghua University and obtained a master's degree in Real Estate Operation and Management in 2006 and graduated from China Europe International Business School and obtained a master's degree in Business Administration in 2018.

### >> Mr. DING Hui (丁暉)

Mr. DING Hui, aged 43, is the Vice President of the Company and also the general manager of the commercial property department and the data and process department. Mr. Ding joined the Company in August 2002, and has served as the general manager of Beijing Yuan Hao Company, general manager of the development management department, general manager of the operational management centre and general manager of the commercial property department of the Company, with extensive experience in development and management of real estate and commercial property operation. Mr. Ding graduated from Tongji University and obtained a bachelor's degree in Engineering in 1996 and graduated from Tsinghua University and obtained a master's degree in Structural Engineering in 2002.

### >> Mr. YANG Deyong (楊德勇)

Mr. YANG Deyong, aged 44, is the Vice President of the Company and also the general manager of the customer service department. Mr. Yang joined the Company in April 2007 and has served as the general manager of the Zhongshan (Shenzhen) Company and general manager of the customer service department of the Company, with extensive experience in operation of real estate, property management, senior living and long-term rental apartment business. Mr. Yang graduated from Renmin University of China and obtained a bachelor's degree in Labour Economics in 1995, graduated from Sun Yat-sen University and obtained a master's degree in Business Administration in 2004 and graduated from China Europe International Business School and obtained an Executive Master of Business Administration degree in 2015.

## COMPANY SECRETARY

### >> Ms. LAI Yin Ping (黎燕萍)

Ms. LAI Yin Ping, aged 56, has been appointed as the Company Secretary of the Company since May 2018. Ms. Lai joined the Group in January 2007 and has over 10 years of experience in company secretarial and corporate governance practices. Ms. Lai obtained Master of Arts in International Accounting from City University of Hong Kong in November 2000. She is a fellow member of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. She is also a member of the Hong Kong Institute of Certified Public Accountants, fellow of Association of Chartered Certified Accountants and a member of The Taxation Institute of Hong Kong.

# DIRECTORS' REPORT ≪

**The board of directors (the “Board”) of Sino-Ocean Group Holding Limited (the “Company”) is pleased to present its report and the audited financial statements of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2018.**

## **PRINCIPAL OPERATIONS AND GEOGRAPHICAL ANALYSIS OF OPERATIONS**

The Company is an investment holding company. Its subsidiaries are mainly engaged in mid- to high-end residential property development, investment and operation of offices, complexes and retail space, property services, senior living, logistic properties, long-term rental apartments, real estate funds, equity investments, asset management and overseas investments. The Group is one of the leading property developers with developments in key economic regions in the People’s Republic of China (the “PRC”).

The analysis of the Group’s revenue and operating results in its major operation activities is set out in note 7 to the consolidated financial statements of this annual report.

## **RESULTS AND APPROPRIATIONS**

Results of the Group for the year ended 31 December 2018 are set out in the consolidated income statement and the consolidated statement of comprehensive income on page 117 and 118 of this annual report respectively.

During the year under review, an interim dividend in respect of the six months ended 30 June 2018 of HKD0.140 per ordinary share and a final dividend in respect of the financial year ended 31 December 2017 of HKD0.155 per ordinary share were paid respectively.

The Board proposed to recommend at the forthcoming annual general meeting of the Company (the "AGM") to be held on Thursday, 16 May 2019 the payment of a final dividend of HKD0.073 per ordinary share for the year ended 31 December 2018. The final dividend will be paid in cash. The final dividend is subject to the approval of the shareholders of the Company (the "Shareholders") at the AGM. The final dividend will be paid to the Shareholders whose names are standing in the register of members of ordinary shares of the Company on Tuesday, 21 May 2019. In order to qualify for the proposed final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited (the "Share Registrar") at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Tuesday, 21 May 2019.

The register of members of ordinary shares of the Company will be closed from Friday, 10 May 2019 to Thursday, 16 May 2019 (both dates inclusive), during which period no transfer of ordinary shares will be registered. In order to qualify for attending the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Share Registrar no later than 4:30 p.m. on Thursday, 9 May 2019.

## DIVIDEND POLICY

The Company has adopted a dividend policy which sets out the basic principles and factors for considerations by the Board for the distribution of dividends. The Company strives to maintain a stable dividend payout ratio in order to enhance the Company's long-term investors' confidence in the Company's stock and strengthen the momentum of the Company's future share price. The Company intends to pay dividends twice a year in an aggregate amount of not less than 20% of the annual consolidated profit attributable to the owners of the Company.

On the premise that a stable dividend payout ratio shall be maintained, the Company is required to balance the Group's profit, capital plan, operational development requirements and other relevant factors such as financial position of the Group, the capital requirements of the Company and the prevailing economic climate to determine the distribution of dividends to the Shareholders. The Company determines the final dividend payout ratio also with reference to the industry's dividend payout level and stock price performance, as well as the capital market and Shareholders' expectations of the Company.

## RESERVES

Movements in the reserves of the Group and the Company during the year under review are set out in note 29 to the consolidated financial statements of this annual report.

## DISTRIBUTABLE RESERVES

The Company's total distributable reserves as at 31 December 2018 amounted to RMB483 million.



## SHARE CAPITAL

Movements in the share capital of the Company during the year under review and as at 31 December 2018 are set out in note 27 to the consolidated financial statements of this annual report.

## ISSUE OF MEDIUM-TERM NOTES, GUARANTEED NOTES AND CORPORATE BONDS

In January 2018, the Company issued the second tranche medium-term notes in an aggregate amount of RMB3 billion (the “Second Tranche Medium-term Notes”) with coupon rate of 5.87% per year of a term of three years. The net proceeds from the issue of the Second Tranche Medium-term Notes amount to approximately RMB2,985,500,000 and were used for the repayment of the Group’s indebtedness, construction of the Group’s projects and replenishment of the working capital of the Group.

In February 2018, the Company issued the third tranche medium-term notes in an aggregate amount of RMB3 billion (the “Third Tranche Medium-term Notes”) with coupon rate of 5.95% per year of a term of three years. The net proceeds from the issue of the Third Tranche Medium-term Notes amount to approximately RMB2,985,639,000 and were used for the repayment of the Group’s indebtedness, construction of the Group’s projects and replenishment of the working capital of the Group.

In July 2018, the USD700,000,000 floating rate guaranteed notes due 2021 (the “Guaranteed Notes”) were issued by a wholly-owned subsidiary of the Company by way of debt issue to professional investors only and unconditionally and irrevocably guaranteed by the Company. The Guaranteed Notes bear interest at a rate equal to three-month USD London Interbank Offered Rate plus 2.30%. The net proceeds from the issue of the Guaranteed Notes amount to approximately USD696,203,000 (approximately RMB4,726,592,000) and were used primarily by the Group for repayment of indebtedness of the Group in accordance with applicable laws and regulations.

In July 2018, a wholly-owned subsidiary of the Company issued the corporate bonds in RMB2 billion (the “Corporate Bonds”) with coupon rate of 4.70% per year of a term of five years. The net proceeds from the issue of the Corporate Bonds amount to approximately RMB1,988,860,000 and were used for the repayment of the Group’s indebtedness.

The reasons for the issues of the Second Tranche Medium-term Notes, the Third Tranche Medium-term Notes, the Guaranteed Notes and the Corporate Bonds are to expand finance channels, reduce cost of funding and improve debt structure of the Group. Details of the Second Tranche Medium-term Notes, the Third Tranche Medium-term Notes, the Guaranteed Notes and the Corporate Bonds are set out in note 33 to the consolidated financial statements of this annual report.

## FIXED ASSETS

Movements in the Group’s fixed assets are set out in note 8 to the consolidated financial statements of this annual report.

## BORROWINGS AND CAPITALIZATION OF INTERESTS

Details of borrowings are set out in note 33 to the consolidated financial statements of this annual report. Details of the Group's capitalized interest expenses and other borrowing costs during the year under review are set out in note 42 to the consolidated financial statements of this annual report.

## DONATIONS

For the year ended 31 December 2018, the Group's donations to charity and other purposes were approximately RMB8.99 million (2017: RMB7.46 million).

## BUSINESS REVIEW

A review of the business of the Group during the year and a discussion on the Group's future business development are set out in the sections heading "2018 Business Review" and "2019 Company Strategies" under the Chairman's Statement of this annual report respectively. The description of possible risks and uncertainties that the Group may be facing are set out in the sections heading "2019 Market Outlook" under the Chairman's Statement, note 5 to the consolidated financial statements and "Other Information" under the Management Discussion & Analysis of this annual report. An analysis of the Group's performance during the year using financial key performance indicators is set out in the Group's Financial & Operation Highlights on page 6 of this annual report.

## ENVIRONMENTAL POLICY AND PERFORMANCE

The Group has a long history of implementing of green health standards. We conduct feasibility assessment and environmental impact assessment for new projects in stringent adherence to relevant approval procedures for the environmental assessment of projects and make arrangements and investment decisions accordingly. We place a strong emphasis on environmental protection and green health. Green office management has been actively promoted in internal corporate management. Staff are encouraged to use the staircase and meetings are held by way of telephone and video conference wherever practicable, while arrangements have been made for all employees to receive training in energy conservation and environmental protection, in a bid to create a healthy and eco-friendly workplace and foster a strong sense of environmental awareness among our staff. On the business front, we have been a leader in the industry in terms of healthy green building. In 2018, the Group continued to promote the concept of "building health" with strong efforts and established "Sino-Ocean Healthy Building Regime" on the back of practical experience in the implementation of healthy buildings over the past 3 years. We have also shared Sino-Ocean's building health concept and our endeavours and experiences in health with our peers in the industry. At the same time, Sino-Ocean has completed further developments adopting the WELL healthy building standards across the nation. For more details, please refer to the section headed "In-Depth Implementation of Health Concept to Actively Lead a Healthy Life" in the Sustainability Report of this annual report.

## STAKEHOLDER RELATIONS

Sino-Ocean appreciates the importance of communications and interaction with its stakeholders, who can be broadly classified into 7 groups: investors, government, employees, customers, environment, business partners and community. Based on reviews of past efforts in the fulfilment of relevant responsibilities and analyses of current conditions in international and domestic developments, Sino-Ocean has endeavoured to achieve sustainable development in economic, social and environmental values in collaboration with these stakeholders.

The Board believes that the support of Shareholders and investors is essential. The Group adheres to the best practice in information disclosure in terms of accuracy, transparency and consistency. The Group is committed to maintaining highly honest, sincere and effective communication with financial community and other stakeholders. The Group made proactive communication with investors through results announcements and roadshows. The Group also attended investors' conferences and communicated constantly. After each general meeting, management reserved time for individual Shareholders to voice their opinions and concerns, ensuring all Shareholders present were given opportunity to discuss the key issues with our representatives. For further information, please refer to the section headed "Investor Relations" in this annual report.

An enterprise should form initiatives in support of national policies as a means to respond to government expectations and demands. Over the years, Sino-Ocean has not only actively echoed and conscientiously fulfilled the government's demand for "real estate market's continuous and healthy development", but also closely followed national policies while showing a persistent concern and support for people's livelihood. We have never ceased to bring the strengths of our specialised skills into full play in developing projects for our market segments. Meanwhile, we have fulfilled the pledge and social responsibility of a property developer, and strived to improve people's living standard, satisfy their material and cultural needs, and help families to realise their dreams.

We compete on the concerted effort and collective wisdom of our employees. The sustainable development of Sino-Ocean is dependent upon the dedication and mutual progress of all employees. In 2018, the garnering of the titles such as "2018 China's Healthiest Company" given by Mercer, "2018 China's Extraordinary Employer Top 101" given by Liepin.com, "2018 China Best Employers" given by Dajie.com, "2018 China Best Employers in Real Estate and Construction Sector" given by ChinaHR.com, "2018 Employer Excellence of China" given by 51job.com, "Top 30 Northern China Best Employer Award 2018" given by Zhaopin as well as "2018 Best Learning Enterprise in Real Estate Industry" given by China Real Estate Association and E-house China has fully demonstrated the powerful brand influence of Sino-Ocean Group as an employer in terms of 6 key dimensions: corporate image, organisational management, brand strategy, training and development, remuneration and work environment.

At Sino-Ocean, we treasure our customers as one of our most important groups of stakeholders and attend to their needs by promoting healthy lifestyles, quality life, amicable neighbor relations and civilized community atmosphere. For more details, please refer to the Sustainability Report of this annual report.

In connection with the environment, the Group has also propositioned the brand concept of "Home for Healthy Life" and committed its efforts to the creation of healthy homes offering green and healthy space for living, in addition to the initiatives described in the section headed "Environmental Policy and Performance" above. For further information, please refer to the section headed "In-Depth Implementation of Health Concept to Actively Lead a Healthy Life" in the Sustainability Report included in this annual report.

The Group commits to mutual growth and benefit with its business partners and drive them in sustainable development and fulfillment of social responsibility. Sino-Ocean has over 10,000 business partners across the nation. The Group gives priority to local suppliers based on the locations of relevant projects and are engaged in regular discussion with business partners. Strategic suppliers are assessed and classified (based on the results of the assessment) on a semi-annual basis, while feedback on cooperation in strategic procurement is collected every other 2 months to ensure timely understanding of the partners' businesses and developments. In 2018, the Group officially issued the Sino-Ocean Group Supplier Code of Conduct to ensure that the suppliers of Sino-Ocean share the Group's views on accountability. In the meantime, Sino-Ocean has also shared the idea of "micro-charity, co-participation and co-sustainability" with its partners. Under the proposition of "shared benefits", an increasing number of them have joined hands with the Sino-Ocean initiative for joint efforts in charity.

Corporate social responsibility is performed and completed primarily through "Sino-Ocean Charity Foundation", which serves as the hub for a network of charitable resources with special emphasis on education support. Its specialised platform has effectively integrated the resources of Sino-Ocean and provided the most professional and compliant channel for the charitable donations and joint ventures between the Group and its partners.

Please refer to the 2018 Sustainability Report of Sino-Ocean Group, which will be published on the websites of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.sinooceangroup.com](http://www.sinooceangroup.com)) within the period as required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), for further details.

## COMPLIANCE WITH LAWS AND REGULATIONS

The real estate industry in China is the core industry which PRC laws, regulations and policies pay much attention to. There are laws and regulations of different level restricting various aspects of the real estate industry, such as the transfer of land use rights, the establishment of property development enterprises, the development and construction of real estate projects, environmental protection and foreign exchange control. The Group recognises the importance of the compliance with the laws and regulations in commercial activities, and the failure to comply with the above could result in serious risk and consequences. The Group has reasonably allocated financial and human resources, in particular, the setting up of the compliance and risk management team, to ensure ongoing compliance with respective requirements of the laws and regulations and the policies. Meanwhile, the Group maintains good relationships with Government regulators through effective communication. During the review year, to the best of our knowledge, the Group has complied with the following salient PRC laws and regulations, namely the Law on Sino-Foreign Equity Joint Ventures, the Foreign-Funded Enterprise Law, the Company Law, the Property Law, the Land Administration Law, the Law of the Administration of Urban Real Estate, the Regulations on Administration of Urban Real Estate Development, the Construction Law, the Environmental Protection Law, Control of Foreign Exchange Regulations and other relevant laws and regulations.

The Group is also committed to the compliance with the following salient laws and regulations in Hong Kong, including but not limited to Companies Ordinance of Hong Kong (Chapter 622 of the Laws of Hong Kong, "Companies Ordinance"), the Listing Rules, the Securities and Futures Ordinance ("SFO") and has been working with external professionals to develop internal guidelines and educating its employees so as to ensure that the Group and its employees will adopt business practices that are compliant with the relevant laws from time to time.

## **CORPORATE GOVERNANCE**

The Company is committed to maintaining a high standard of corporate governance practices. Corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 94 to 106 of this annual report.

## **REMUNERATION POLICY AND RETIREMENT BENEFITS OF THE GROUP**

The Group's remuneration system has been determined by reference to the corporate business performance, the efficiency and accomplishments of the staff, and the remuneration level of the same industry in the market. The Company offers share options and introduces restricted share award scheme to competitive staff so as to provide staff remuneration package with market competitiveness and to ensure availability of human resources for the sustained development of the Company.

Details of the Group's retirement benefit plans are set out in note 41 to the consolidated financial statements of this annual report.

## **BASIS OF DETERMINING REMUNERATION TO DIRECTORS**

The same remuneration philosophy is applicable to the directors of the Company (the "Director(s)"). Apart from benchmarking against the market, the Company looks at individual experience, qualification and responsibilities involved in the Company in determining the exact level of remuneration for each Director. Appropriate benefits schemes are in place for the Directors, including the share option schemes and the restricted share award scheme, similar to those offered to other employees of the Group.

## **FIVE-YEAR FINANCIAL SUMMARY**

A five-year financial summary of the Group is set out on page 273 of this annual report.

## RESTRICTED SHARE AWARD SCHEME

The Restricted Share Award Scheme (the "Award Scheme") was adopted by the Board on 22 March 2010 (the "Adoption Date") as an incentive to retain and encourage employees for the continual operation and development of our Group. Unless early terminated by the Board, the Award Scheme shall continue in full force and effect from the Adoption Date for a term of 10 years.

According to the Award Scheme, the maximum number of shares to be awarded under the Award Scheme is 169,104,822 shares, representing 3% of the issued share capital of the Company as at the Adoption Date. The restricted shares will be purchased by the trustee from the market out of cash contributed by our Group and be held in trust for the relevant selected employees until such shares are vested with the relevant selected employees in accordance with the provisions of the Award Scheme. The shares awarded to the directors and employees of the Group at no consideration will be vested in three years in which 40% of awarded shares will be vested after one year from the date of award and 7.5% of awarded shares will be vested quarterly thereafter.

During the year under review, the trustee of the Award Scheme, pursuant to the terms of the rules and trust deed of the Award Scheme, acquired 17,847,216 shares of the Company by way of acquisition at an aggregate consideration of approximately RMB74,017,304 (including transaction costs). Up to 31 December 2018, 149,278,075 shares of the Company had been acquired from the market, and from receiving scrip shares in lieu of cash dividend by the trustee, at an aggregate consideration of approximately RMB511,791,162 (including transaction costs), representing 2.65% of the issued share capital of the Company as at the Adoption Date.

Details of the number of shares awarded under Award Scheme and the shares vested during the year under review are set out below:

### >> Restricted Shares

Date of award	Balance as at 1 January 2018	Shares awarded during the year	Awarded Shares		Balance as at 31 December 2018
			No. of shares vested during the year	No. of shares lapsed during the year (note)	
18 March 2015	1,307,138	–	(1,305,211)	(1,927)	–
25 March 2016	4,735,788	–	(3,710,987)	(142,882)	881,919
31 March 2017	10,830,000	–	(6,365,000)	(767,500)	3,697,500
<b>Total</b>	<b>16,872,926</b>	<b>–</b>	<b>(11,381,198)</b>	<b>(912,309)</b>	<b>4,579,419</b>

Note: Pursuant to the Award Scheme, 912,309 awarded shares were lapsed upon the resignation of awardees during the year under review.

# SHARE OPTION SCHEMES

## >> Share Option Schemes of the Company

A share option scheme of the Company (the “2007 Option Scheme”), which was approved by the Shareholders’ written resolutions, was valid and effective for a period of 10 years and had expired on 27 September 2017. Although the 2007 Option Scheme has expired, the share options already granted under such scheme before its expiration remain valid.

On 6 August 2018, the Shareholders approved a new share option scheme (the “2018 Option Scheme”), which is valid and effective for a period of 10 years until 5 August 2028, unless it is terminated early in accordance with the provisions of the 2018 Option Scheme.

A summary of the principal terms of each of the 2007 Option Scheme and the 2018 Option Scheme (collectively, the “Share Option Schemes”) is set out below:

### **The 2007 Option Scheme**

Under the 2007 Option Scheme, the Board may grant share options to eligible employees and directors of the Group. The purpose of the 2007 Option Scheme is to provide an incentive for employees of the Group to work with commitment towards enhancing the value of the Company and its shares for the benefit of our shareholders, and to compensate employees of the Group for their contribution based on their individual performance and that of the Company.

As at 31 December 2018, the total number of shares of the Company which may be issued upon exercise of all outstanding share options granted under the 2007 Option Scheme is 182,738,000, representing approximately 2.40% of the issued shares of the Company as at the date of this annual report. Without prior approval from the Shareholders, the number of shares in respect of which share options were granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time.

The share options granted under the 2007 Option Scheme are exercisable within five years period in which 40% of share options become exercisable after one year from the offer date, 70% of share options become exercisable after two years from the offer date, and all share options become exercisable after three years from the offer date. A consideration of HKD1.00 is payable by each grantee accepting on the grant of share options. Options are exercisable at a price that is determined by the Board, which will not be less than the higher of the closing price of the Company’s shares on the offer date, and the average closing prices of the shares for the five business days immediately preceding the offer date.

During the year under review, no share option was granted or cancelled. Details of movements of share options granted to the Directors, chief executives, and employees of the Group under the 2007 Option Scheme during the year are as follows:

	Date of share option granted	Exercise period	Exercise price per share (HKD)	No. of share options outstanding as at 1 January 2018	No. of share options exercised during the year (Note)	No. of share options lapsed during the year	No. of share options outstanding as at 31 December 2018
<b>Directors</b>							
Mr. LI Ming	27 Aug 2015	27 Aug 2016– 26 Aug 2020	4.04	1,800,000	(1,260,000)	–	540,000
	13 Apr 2016	13 Apr 2017– 12 April 2021	3.80	20,000,000	(14,000,000)	–	6,000,000
Mr. WEN Haicheng	27 Aug 2015	27 Aug 2016– 26 Aug 2020	4.04	800,000	(560,000)	–	240,000
	13 Apr 2016	13 Apr 2017– 12 April 2021	3.80	5,000,000	(2,000,000)	–	3,000,000
	24 Aug 2017	24 Aug 2018– 23 Aug 2022	4.70	2,000,000	–	–	2,000,000
Mr. SUM Pui Ying	27 Aug 2015	27 Aug 2016– 26 Aug 2020	4.04	800,000	–	–	800,000
	13 Apr 2016	13 Apr 2017– 12 April 2021	3.80	5,000,000	–	–	5,000,000
Mr. ZHAO Lijun	24 Aug 2017	24 Aug 2018– 23 Aug 2022	4.70	500,000	–	–	500,000
Mr. FANG Jun	27 Aug 2015	27 Aug 2016– 26 Aug 2020	4.04	350,000	–	–	350,000
	13 Apr 2016	13 Apr 2017– 12 April 2021	3.80	500,000	–	–	500,000
Mr. HAN Xiaojing	27 Aug 2015	27 Aug 2016– 26 Aug 2020	4.04	350,000	–	–	350,000
	13 Apr 2016	13 Apr 2017– 12 April 2021	3.80	500,000	–	–	500,000
Mr. SUEN Man Tak	13 Apr 2016	13 Apr 2017– 12 April 2021	3.80	500,000	–	–	500,000
Mr. WANG Zhifeng	13 Apr 2016	13 Apr 2017– 12 April 2021	3.80	500,000	–	–	500,000
Mr. JIN Qingjun	13 Apr 2016	13 Apr 2017– 12 April 2021	3.80	500,000	–	–	500,000



	Date of share option granted	Exercise period	Exercise price per share (HKD)	No. of share options outstanding as at 1 January 2018	No. of share options exercised during the year (Note)	No. of share options lapsed during the year	No. of share options outstanding as at 31 December 2018
Ms. LAM Sin Lai Judy	24 Aug 2017	24 Aug 2018– 23 Aug 2022	4.70	500,000	–	–	500,000
Mr. TSANG Hing Lun (Ceased on 4 June 2017)	27 Aug 2015	27 Aug 2016– 26 Aug 2020	4.04	140,000	–	(140,000)	–
	13 Apr 2016	13 Apr 2017– 12 April 2021	3.80	200,000	–	(200,000)	–
Mr. WANG Yeyi (Retired on 18 May 2018)	13 Apr 2016	13 Apr 2017– 12 April 2021	3.80	500,000	(350,000)	(150,000)	–
Mr. LI Hu (Resigned on 10 Aug 2018)	13 Apr 2016	13 Apr 2017– 12 April 2021	3.80	500,000	–	–	500,000
Mr. LI Hongbo (Resigned on 10 Aug 2018)	27 Aug 2015	27 Aug 2016– 26 Aug 2020	4.04	700,000	(490,000)	–	210,000
	13 Apr 2016	13 Apr 2017– 12 April 2021	3.80	4,000,000	(2,800,000)	–	1,200,000
	24 Aug 2017	24 Aug 2018– 23 Aug 2022	4.70	2,000,000	–	–	2,000,000
Mr. YAO Dafeng (Resigned on 10 Aug 2018)	13 Apr 2016	13 Apr 2017– 12 April 2021	3.80	500,000	–	(500,000)	–
Ms. SHANGGUAN Qing (Resigned on 10 Aug 2018)	13 Apr 2016	13 Apr 2017– 12 April 2021	3.80	500,000	–	(500,000)	–
<b>Subtotal</b>				<b>48,640,000</b>	<b>(21,460,000)</b>	<b>(1,490,000)</b>	<b>25,690,000</b>
<b>Employees</b>	27 Aug 2015	27 Aug 2016– 26 Aug 2020	4.04	39,681,500	(7,006,000)	(1,176,000)	31,499,500
	13 Apr 2016	13 Apr 2017– 12 April 2021	3.80	107,869,500	(22,921,000)	(3,780,000)	81,168,500
	24 Aug 2017	24 Aug 2018– 23 Aug 2022	4.70	47,200,000	–	(2,820,000)	44,380,000
<b>Subtotal</b>				<b>194,751,000</b>	<b>(29,927,000)</b>	<b>(7,776,000)</b>	<b>157,048,000</b>
<b>Total</b>				<b>243,391,000</b>	<b>(51,387,000)</b>	<b>(9,266,000)</b>	<b>182,738,000</b>

Note: During the year ended 31 December 2018, 51,387,000 share options were exercised and the weighted average closing price of the shares of the Company immediately before the dates of exercise was HKD5.7628 per share.

### The 2018 Option Scheme

The scope of the participants applicable to the 2018 Option Scheme shall be determined by the Board. In general, the participants of the 2018 Option Scheme are the formal employees (i.e. who have signed valid employment contracts with the Company for one year or more) of the Group. The Board may decide to grant share options to other persons who, in the opinion of the Board, are critical to the development of the Company. The purposes of the 2018 Option Scheme are to provide an incentive for employees of the Group to work with commitment towards enhancing the value of the Company and its shares for the benefit of our shareholders, to enhance the competitiveness of the Company's remuneration structure, to attract and retain talents required to achieve the Company's long-term strategic targets, and to compensate directors and employees of the Group for their contribution based on their individual performance and the performance of the Company.

The total number of shares in respect of which share options may be granted under the 2018 Option Scheme is not permitted to exceed 761,528,565 shares, representing approximately 10% of the total number of shares of the Company as at the date of this report. As at 31 December 2018, the total number of shares of the Company which may be issued upon exercise of all outstanding share options granted under the 2018 Option Scheme is 250,000,000, representing approximately 3.28% of the issued shares of the Company as at the date of this annual report. Without prior approval from the Shareholders, the number of shares in respect of which share options were granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time.

The share options granted under the 2018 Option Scheme are exercisable within five years period in which 50% of share options become exercisable after 12 months from the offer date and all share options become exercisable after 24 months from the offer date. A consideration of HKD1.00 is payable by each grantee accepting on the grant of share options. Options are exercisable at a price that is determined by the Board, which will not be less than the higher of the closing price of the Company's shares on the offer date, and the average closing prices of the shares for the five business days immediately preceding the offer date.

During the year under review, no share option was exercised, lapsed or cancelled. Details of share options granted to the Directors, chief executives, and employees of the Group under the 2018 Option Scheme during the year are as follows:

	Date of share option granted	Exercise period	Exercise price per share (HKD)	No. of share options outstanding as at 1 January 2018	No. of share options granted during the year	No. of share options outstanding as at 31 December 2018
<b>Directors</b>						
Mr. LI Ming	4 Sep 2018	4 Sep 2019– 3 Sep 2023	3.96	–	25,000,000	25,000,000
Mr. WEN Haicheng	4 Sep 2018	4 Sep 2019– 3 Sep 2023	3.96	–	15,000,000	15,000,000
Mr. SUM Pui Ying	4 Sep 2018	4 Sep 2019– 3 Sep 2023	3.96	–	10,000,000	10,000,000
Mr. ZHAO Lijun	4 Sep 2018	4 Sep 2019– 3 Sep 2023	3.96	–	600,000	600,000

	Date of share option granted	Exercise period	Exercise price per share (HKD)	No. of share options outstanding as at 1 January 2018	No. of share options granted during the year	No. of share options outstanding as at 31 December 2018
Mr. FU Fei	4 Sep 2018	4 Sep 2019– 3 Sep 2023	3.96	–	600,000	600,000
Mr. FANG Jun	4 Sep 2018	4 Sep 2019– 3 Sep 2023	3.96	–	600,000	600,000
Ms. LI Liling	4 Sep 2018	4 Sep 2019– 3 Sep 2023	3.96	–	600,000	600,000
Mr. HAN Xiaojing	4 Sep 2018	4 Sep 2019– 3 Sep 2023	3.96	–	600,000	600,000
Mr. SUEN Man Tak	4 Sep 2018	4 Sep 2019– 3 Sep 2023	3.96	–	600,000	600,000
Mr. WANG Zhifeng	4 Sep 2018	4 Sep 2019– 3 Sep 2023	3.96	–	600,000	600,000
Mr. JIN Qingjun	4 Sep 2018	4 Sep 2019– 3 Sep 2023	3.96	–	600,000	600,000
Ms. LAM Sin Lai Judy	4 Sep 2018	4 Sep 2019– 3 Sep 2023	3.96	–	600,000	600,000
<b>Subtotal</b>				–	<b>55,400,000</b>	<b>55,400,000</b>
<b>Employees</b>	4 Sep 2018	4 Sep 2019– 3 Sep 2023	3.96	–	194,600,000	194,600,000
<b>Subtotal</b>				–	<b>194,600,000</b>	<b>194,600,000</b>
<b>Total</b>				–	<b>250,000,000</b>	<b>250,000,000</b>

The average fair value of 250,000,000 share options granted on 4 September 2018 is HKD0.7863 per option. In determining the fair value of share options, the Binomial Model has been used and the following variables have been applied to the model:

Measurement date	4 September 2018
Variables	
— the expected volatility	37.99%
— the annual risk-free interest rate	2.12%
— the expected dividend yield	5.63%
— the expected life from the measurement date	5 years

## Notes:

- (i) The closing price per share immediately before 4 September 2018, the date of granting the options, was HKD3.93.
- (ii) The expected volatility was determined based on the historical volatility of the underlying security.
- (iii) Risk-free rate was with reference to the yield rate of the generic Hong Kong government bonds with duration similar to the expected life of the options.
- (iv) The expected dividend yield is with reference to the historical dividend.

The values of share options are subject to (i) the subjectivity and uncertainty relating to the assumptions to which such values are subject; and (ii) the limitation of the model used to estimate such values.

## >> Share Option Scheme of Gemini Investments (Holdings) Limited (“Gemini”), a subsidiary of the Company

At an extraordinary general meeting of Gemini held on 23 June 2011, a share option scheme of Gemini (the “Gemini Scheme”) was approved by its shareholders. Subject to early termination by Gemini in its general meeting or by the board of directors of Gemini (the “Gemini Board”), the Gemini Scheme shall be valid and effective for a period of 10 years commencing from the date of adoption of the Gemini Scheme (i.e. 23 June 2011) and will remain in force until 22 June 2021.

The purpose of the Gemini Scheme is to provide Gemini with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the employees (whether full-time or part-time) of each member of Gemini and its subsidiaries (the “Participants”) and for such other purposes as the Gemini Board may approve from time to time. The Gemini Board may from time to time grant options under the Gemini Scheme to the Participants to subscribe for new shares of Gemini. In determining the basic of eligibility of each Participant, the Gemini Board may have absolute discretion to determine whether or not one falls within the meaning of Participants and would take into account such factors as it considers appropriate.

As at 31 December 2018, the total number of shares of Gemini which may be issued upon exercise of all outstanding share options granted under the Gemini Scheme is 34,510,000, representing approximately 7.65% of the issued shares of Gemini as at the date of this annual report, and Gemini may further grant share options under the Gemini Scheme to subscribe for 39,550,000 shares of Gemini, representing approximately 8.76% of the issued shares of Gemini as at the date of this annual report. Without prior approval from the shareholders of Gemini, the number of shares in respect of which share options were granted and may be granted to a Participant in any one year is not permitted to exceed 1% of the shares of Gemini in issue at any point in time.

Options may be exercised by the grantees at any time during a period as notified by the Gemini Board to each grantee at the time of offer of the share options, such period shall not be more than 10 years from the date of grant of the options. Unless otherwise determined by the Gemini Board, there is no general requirement on the minimum period for which an option must be held before the option can be exercised. A consideration of HKD1.00 is payable by each grantee accepting on the grant of share options. Options are exercisable at a price that is determined by the Gemini Board, which will not be less than the higher of the closing price of Gemini’s shares on the offer date, and the average closing prices of the shares of Gemini for the five business days immediately preceding the offer date.

During the year under review, no share option was granted or cancelled. Details of movement of share options granted to the Directors, chief executives, and employees of the Group under the Gemini Scheme during the year are as follows:

	Date of share option granted	Exercise period	Exercise price per share (HKD)	No. of share options outstanding as at 1 January 2018	No. of share options exercised during the year (Note)	No. of share options lapsed during the year	No. of share options outstanding as at 31 December 2018
<b>Directors of the Company and Gemini</b>							
Mr. LI Ming	9 Aug 2013	9 Aug 2013–22 Jun 2021	0.96	4,000,000	–	–	4,000,000
Mr. SUM Pui Ying	26 Aug 2011	26 Aug 2011–22 Jun 2021	1.40	2,000,000	–	–	2,000,000
	9 Aug 2013	9 Aug 2013–22 Jun 2021	0.96	16,000,000	–	–	16,000,000
Mr. LI Hongbo (Resigned as a director of the Company on 10 Aug 2018)	9 Aug 2013	9 Aug 2013–22 Jun 2021	0.96	1,000,000	–	–	1,000,000
	9 Mar 2015	9 Mar 2015–22 Jun 2021	1.27	500,000	–	–	500,000
<b>Subtotal</b>				<b>23,500,000</b>	<b>–</b>	<b>–</b>	<b>23,500,000</b>
<b>Other directors of Gemini</b>							
	9 Aug 2013	9 Aug 2013–22 Jun 2021	0.96	3,000,000	–	–	3,000,000
	9 Mar 2015	9 Mar 2015–22 Jun 2021	1.27	1,290,000	–	–	1,290,000
<b>Subtotal</b>				<b>4,290,000</b>	<b>–</b>	<b>–</b>	<b>4,290,000</b>
<b>Employees of Gemini and its subsidiaries</b>							
	26 Aug 2011	26 Aug 2011–22 Jun 2021	1.40	400,000	–	(100,000)	300,000
	9 Aug 2013	9 Aug 2013–22 Jun 2021	0.96	5,820,000	(400,000)	(1,000,000)	4,420,000
	9 Mar 2015	9 Mar 2015–22 Jun 2021	1.27	2,500,000	–	(500,000)	2,000,000
<b>Subtotal</b>				<b>8,720,000</b>	<b>(400,000)</b>	<b>(1,600,000)</b>	<b>6,720,000</b>
<b>Total</b>				<b>36,510,000</b>	<b>(400,000)</b>	<b>(1,600,000)</b>	<b>34,510,000</b>

Note: During the year ended 31 December 2018, 400,000 share options were exercised and the weighted average closing price of the shares of Gemini immediately before the dates of exercise was HKD1.19 per share.

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

Save as disclosed in the section headed "Restricted Share Award Scheme" in this report, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the year under review.

## DIRECTORS

The table below sets out certain information on the members of the Board during the year under review and up to the date of this report:

Name	Position
Mr. LI Ming	Chairman and Executive Director
Mr. WEN Haicheng	Executive Director
Mr. SUM Pui Ying	Executive Director
Mr. ZHAO Lijun	Non-executive Director
Mr. FU Fei	Non-executive Director (Appointed on 19 May 2018)
Mr. FANG Jun	Non-executive Director
Ms. LI Liling	Non-executive Director (Appointed on 10 August 2018)
Mr. HAN Xiaojing	Independent Non-executive Director
Mr. SUEN Man Tak	Independent Non-executive Director
Mr. WANG Zhifeng	Independent Non-executive Director
Mr. JIN Qingjun	Independent Non-executive Director
Ms. LAM Sin Lai Judy	Independent Non-executive Director
Mr. WANG Yeyi	Executive Director (Retired on 18 May 2018)
Mr. LI Hu	Executive Director (Resigned on 10 August 2018)
Mr. LI Hongbo	Executive Director (Resigned on 10 August 2018)
Mr. YAO Dafeng	Non-executive Director (Resigned on 10 August 2018)
Ms. SHANGGUAN Qing	Non-executive Director (Resigned on 10 August 2018)

Brief biographical details of the Directors and senior management as at the date of this report are set out on pages 64 to 69 of this annual report.

## **DIRECTORS OF SUBSIDIARIES**

List of directors of subsidiaries of the Company during the year ended 31 December 2018 is posted on the website of the Company.

## **DIRECTORS' SERVICE CONTRACTS**

None of the Directors who are proposed for re-election at the forthcoming AGM has a service contract with any member of the Group which is not determinable by the Group within one year without the payment of compensation other than statutory compensation.

## **PERMITTED INDEMNITY**

The Articles of Association of the Company (the "Articles") provides that each Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he or she may sustain or incur in or about the execution of the duties of his or her office or otherwise in relation thereto. In addition, the Company has maintained appropriate directors and officers liability insurance in respect of relevant legal actions against the Directors.

## **DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE**

Save as disclosed in the section headed "Connected Transaction, Continuing Connected Transactions and Related Party Transactions" in this report, no contract of significance in relation to the Group's business to which the Company, any of its subsidiaries, fellow subsidiaries or its parent company was a party and in which any Director or any entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the financial year or at any time during the financial year under review.

## **DIRECTORS' RIGHTS TO PURCHASE SHARES OR DEBENTURES**

Save for the share options granted pursuant to the Share Option Schemes and the restricted shares awarded pursuant to the Award Scheme as set out above, at no time during the year under review, was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18, were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

## INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2018, the interests and short positions of each Director and chief executives of the Company in the shares, underlying shares and debentures of the Company and 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 (the "Model Code") were as follows:

### >> Long position in the shares and the underlying shares of the Company

Name of Directors	Nature of interest	No. of ordinary shares held (long position)	No. of underlying shares comprised in share options (note i)	Restricted shares (note ii)	Total	Percentage in the Company's issued share capital
Mr. LI Ming	Founder of discretionary trust	127,951,178 (note iii)	–	–	127,951,178	1.680%
	Beneficiary of trust	13,918,860 (note iv)	–	–	13,918,860	0.183%
	Beneficial owner	18,387,000	31,540,000	995,340	50,922,340	0.669%
Mr. WEN Haicheng	Beneficial owner	1,949,054	20,240,000	301,740	22,490,794	0.295%
Mr. SUM Pui Ying	Beneficial owner	3,252,184	15,800,000	304,316	19,356,500	0.254%
Mr. ZHAO Lijun	Beneficial owner	37,500	1,100,000	22,500	1,160,000	0.015%
Mr. FU Fei	Beneficial owner	–	600,000	–	600,000	0.008%
Mr. FANG Jun	Beneficial owner	191,000	1,450,000	27,000	1,668,000	0.022%
Ms. LI Liling	Beneficial owner	–	600,000	–	600,000	0.008%
Mr. HAN Xiaojing	Beneficial owner	433,000	1,450,000	27,000	1,910,000	0.025%
Mr. SUEN Man Tak	Beneficial owner	93,000	1,100,000	27,000	1,220,000	0.016%
Mr. WANG Zhifeng	Beneficial owner	93,000	1,100,000	27,000	1,220,000	0.016%
Mr. JIN Qingjun	Beneficial owner	93,000	1,100,000	27,000	1,220,000	0.016%
Ms. LAM Sin Lai Judy	Beneficial owner	–	1,100,000	–	1,100,000	0.014%

#### Notes:

- (i) The share options were granted pursuant to the Share Option Schemes, the details of which are set out as above in the paragraph headed "Share Option Schemes".
- (ii) The restricted shares were granted pursuant to the Award Scheme, the details of which are set out as above in the paragraph headed "Restricted Share Award Scheme".
- (iii) The 127,951,178 shares are held by a discretionary trust of which Mr. LI Ming is the founder.
- (iv) The 13,918,860 shares are held by a discretionary trust of which Mr. LI Ming, his spouse and his son are the beneficiaries.



## >> Long position in the shares and the underlying shares of the associated corporation(s)

Name of Directors	Name of associated corporation	Nature of interest	Date of share option granted	Exercise period	Exercise price per share (HKD)	No. of underlying shares of associated corporation comprised in share options	No. of ordinary shares of associated corporation held (long position)	Percentage of total issued share capital of associated corporation
Mr. LI Ming	Gemini Investments (Holdings) Limited	Beneficial owner	9 August 2013	9 August 2013–22 June 2021	0.96	4,000,000	–	0.886%
Mr. WEN Haicheng	Gemini Investments (Holdings) Limited	Beneficial owner	–	–	–	–	70,000	0.016%
Mr. SUM Pui Ying	Gemini Investments (Holdings) Limited	Beneficial owner	26 August 2011	26 August 2011–22 June 2021	1.40	2,000,000	–	0.443%
			9 August 2013	9 August 2013–22 June 2021	0.96	16,000,000	–	3.545%

Save as disclosed above, as at 31 December 2018, none of the Directors nor the chief executives of the Company or their associates had any interest or short positions in any of the shares, underlying shares or debentures of the Company or any of its associated corporations as defined in the SFO.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

The register of substantial shareholders required to be kept by the Company under section 336 of Part XV of the SFO shows that as at 31 December 2018, the Company had been notified of the following substantial shareholders' interests and short positions in the shares of the Company, being interests of 5% or more, in addition to those disclosed above in respect of the Directors and chief executives of the Company:

Name of shareholders	Capacity	Long/short position	No. of ordinary shares held	Percentage in the Company's issued share capital
China Life Insurance (Group) Company (note i)	Interest of controlled corporation	Long	2,253,459,151	29.59%
Anbang Insurance Group Co., Ltd. (note ii)	Interest of controlled corporation	Long	2,252,646,115	29.58%
Anbang Asset Management (Hong Kong) Co. Limited (note iii)	Investment Manager	Long	2,252,646,115	29.58%

Notes:

- (i) The 2,253,459,151 shares were registered in the name of, and beneficially owned by, China Life Insurance Company Limited. China Life Insurance (Group) Company was interested in 68.37% of China Life Insurance Company Limited. China Life Insurance (Group) Company was deemed to be interested in these shares by virtue of the SFO.
- (ii) The 1,352,197,115 shares and 900,449,000 shares were registered in the name of, and beneficially owned by, Anbang Insurance Group Co., Ltd. and Ab-Bang Property and Casualty Insurance Co., Ltd. respectively. Ab-Bang Property and Casualty Insurance Co., Ltd. was owned as to 48.92% and 48.65% by Anbang Insurance Group Co., Ltd. and Anbang Life Insurance Co., Ltd. respectively. Anbang Insurance Group Co., Ltd. was interested in 99.98% of Anbang Life Insurance Co., Ltd. Anbang Insurance Group Co., Ltd. was deemed to be interested in these shares by virtue of the SFO.
- (iii) The 2,252,646,115 shares were managed by Anbang Asset Management (Hong Kong) Co. Limited. Anbang Asset Management (Hong Kong) Co. Limited was wholly-owned by Ab-Bang Property and Casualty Insurance Co., Ltd. which was an indirect subsidiary of Anbang Insurance Group Co., Ltd. as detailed in note (ii) above. Anbang Asset Management (Hong Kong) Co. Limited was deemed to be interested in these shares by virtue of the SFO.

Save as disclosed above, as at 31 December 2018, no person or corporation had any interest in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO as having an interest in 5% or more of, or any short position in, the issued share capital of the Company.

## PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles and there is no restriction against such rights which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

## COMPETING INTERESTS

None of the Directors has interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

## MANAGEMENT CONTRACTS

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

## MAJOR SUPPLIERS AND CUSTOMERS

The Group's principal operation is property development. During the year under review, purchases from the Group's five largest suppliers (excluding land supply) accounted for less than 30% of the total purchases for the year.

The Group's major products are principally commodity housings, and its major customers bases are general individual home buyers, involving a relatively large number of customers. During the year under review, sales to the Group's five largest customers accounted for less than 30% of the turnover for the year.

As far as the Directors are aware, neither the Directors, their close associates, nor the shareholders (which to the knowledge of the Directors own more than 5% of the number of issued shares of the Company) had any interest in the five largest customers and suppliers of the Group.

## CONNECTED TRANSACTION, CONTINUING CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS

### >> Connected transaction

On 10 May 2018, Sino-Ocean Holding Group (China) Limited (formerly known as Sino-Ocean Land Limited) (an indirect wholly-owned subsidiary of the Company) (the “Transferee”) and Beijing Anbang Hexie Zhiye Company Limited (北京安邦和諧置業有限公司) (an indirect wholly-owned subsidiary of Anbang Insurance Group Co., Ltd (“Anbang”, a substantial shareholder of the Company) (the “Transferor”) entered into the equity transfer agreement (the “Equity Transfer Agreement”), pursuant to which the Transferee agreed to acquire, and the Transferor agreed to dispose of 50% of the equity interest in Sino-Ocean Bangbang Real Estate Co., Ltd. (遠洋邦邦置業有限公司) (formerly known as Beijing Bangbang Zhiye Company Limited (北京邦邦置業有限公司)) (the “JV”) and all ancillary interests and shareholders’ obligations (the “Target Interest”). Pursuant to the Equity Transfer Agreement, the consideration for the acquisition of the Target Interest (the “Acquisition”) is RMB0. The registered capital of the JV was RMB200 million and each of the Transferor and the Transferee committed to contribute RMB100 million of the registered capital of the JV upon completion of the Acquisition.

The JV was established under the laws of the PRC with limited liability. The JV and its wholly-owned subsidiary, Beijing Bangbang Commercial Property Company Limited (北京邦邦商業地產有限公司) are principally engaged in real estate development, sales and rental of commercial properties, property management and engineering survey and design. The entering of the Equity Transfer Agreement is a concrete measure of cooperation between the Company and Anbang in the field of real estate development business, which can deepen the cooperation between the Group and Anbang by leveraging the real estate resources of Anbang. The Group would provide development and management services. The efforts put in such business cooperation on, among other things, project development and management will effectively enhance the sustainability and competitiveness of the Group.

As at the date of the Equity Transfer Agreement, the Transferor was an indirect wholly-owned subsidiary of Anbang which in turn was a substantial shareholder of the Company and therefore a connected person of the Company. Accordingly, the Acquisition constituted a connected transaction of the Company under the Listing Rules.

Details of the connected transaction contemplated under the Equity Transfer Agreement have been disclosed in the announcement of the Company dated 10 May 2018.

### >> Continuing connected transactions

On 21 December 2018, the Company and Anbang entered into the master framework agreement (the “Master Agreement”) in relation to (i) the arrangement whereby the Group shall second its staff to Anbang and its subsidiaries and associates (including the JV) (the “Anbang Group”) (the “Staff Secondment Arrangement”); (ii) the consultancy services in relation to real estate projects to be provided by the Group to the Anbang Group (the “Consultancy Services”); (iii) the arrangement whereby the Group shall authorise and license the Anbang Group to use the brand name of “遠洋” to promote the sales of its real estate projects (the “Brand Name Licensing Arrangement”); and (iv) the lease by the Group of its properties to the Anbang Group (the “Property Lease”). The Master Agreement shall be of a term of three years commencing from 1 January 2019 to 31 December 2021 (both days inclusive).

The annual caps in respect of the transactions contemplated under the Master Agreement are as follows:

Type of transaction	Annual caps (RMB'000)		
	For the year ending 31 December 2019	For the year ending 31 December 2020	For the year ending 31 December 2021
<b>Staff Secondment Arrangement</b>	70,000	70,000	80,000
<b>Consultancy Services</b>	30,000	30,000	40,000
<b>Brand Name Licencing Arrangement</b>	150,000	150,000	100,000
<b>Property Lease</b>	10,000	15,000	17,000
<b>Total</b>	<b>260,000</b>	<b>265,000</b>	<b>237,000</b>

Since the formation of the JV, the Company and Anbang have been negotiating actively on the details of the terms of cooperation between the parties, and Anbang has agreed to entrust the JV with the management of numerous projects under its control. The Master Agreement codifies the Group's role in its cooperation with the Anbang Group. While the Anbang Group brings in businesses to the JV and/or the Group, the Group provides support to operation of the Anbang Group by utilising its expertise, resources as well as its brand name. The Staff Secondment Arrangement allows the Group and the Anbang Group to enjoy the economies of scales by the secondment of staff with experience in the field of real estate development which will maximize cost efficiency and management effectiveness, while the Anbang Group shall reimburse the costs to be incurred by the Group. The provision of the Consultancy Services, the Brand Name Licensing Arrangement and the Property Lease allow the Group to utilise its expertise, brand name as well as resources and bring in additional revenue to the Group.

As at the date of the Master Agreement, Anbang was a substantial shareholder of the Company and therefore a connected person of the Company. Accordingly, the transactions contemplated under the Master Agreement constitute continuing connected transactions of the Company under the Listing Rules.

Details of the continuing connected transactions contemplated under the Master Agreement have been disclosed in the announcement of the Company dated 21 December 2018.

A summary of significant related party transactions entered into by the Group during the year under review is contained in note 52 to the consolidated financial statements. Save as disclosed above, the related party transactions described in that note do not fall under the definition of "connected transaction" or "continuing connected transaction" under Chapter 14A of the Listing Rules.

The Company has complied with the disclosure requirements prescribed in Chapter 14A of the Listing Rules with respect to the connected transactions and continuing connected transactions entered into by the Group during the year under review.

## DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

As at 31 December 2018, the aggregate amount of financial assistance to affiliated companies by the Group in aggregate exceeded 8% of the assets ratios as defined in Rule 14.07(1) of the Listing Rules.

In accordance with the requirements under Rule 13.22 of the Listing Rules, a proforma combined statement of financial position of the affiliated companies as at 31 December 2018 is presented as follows:

	<b>RMB million</b>
Non-current assets	11,984
Current assets	62,052
Current liabilities	(40,872)
Non-current liabilities	(27,813)
<b>Net assets</b>	<b>5,351</b>

The Group's attributable interest in the affiliated companies as at 31 December 2018 amounted to RMB2,655 million.

The proforma combined statement of financial position of the affiliated companies has been prepared by combining their statement of financial position, after making adjustments to conform with the Group's significant accounting policies as at 31 December 2018.

## SUFFICIENT 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, the Company has maintained a sufficient public float of more than 25% of the Company's issued shares as required under the Listing Rules.

## AUDITORS

The consolidated financial statements for the year ended 31 December 2018 have been audited by PricewaterhouseCoopers, Certified Public Accountants, who will retire and, being eligible, offer themselves for reappointment, at the forthcoming AGM.

## EVENTS AFTER THE BALANCE SHEET DATE

On 24 January 2019, the Company, together with Sino-Ocean Land Treasure IV Limited, a wholly-owned subsidiary of the Company, entered into the subscription agreement with the joint lead managers in connection with the issue of the USD denominated guaranteed notes due 2022 in the principal amount of USD500,000,000 (the "Notes"). The Notes bear interest at a rate of 5.25%. The Notes are unconditionally and irrevocably guaranteed by the Company. The net proceeds from the issue of the Notes shall be used by the Group primarily for repayment of indebtedness of the Group in accordance with applicable laws and regulations. Details of the issue of the Notes are set out in the announcements of the Company dated 25 January 2019 and 30 January 2019.

On 29 January 2019, Sino-Ocean Land Treasure Finance I Limited (a wholly-owned subsidiary of the Company) issued a notice informing the trustee and noteholders that it would redeem the 4.625% guaranteed notes due 2019 in the principal amount of USD500,000,000 (the “2019 Notes”) in whole (the “Redemption”) on 1 March 2019 (the “Redemption Date”), at a price equal to the make whole price as of the Redemption Date calculated in accordance with the terms and conditions of the 2019 Notes, together with accrued and any unpaid interest up to (but excluding) the Redemption Date. Details of the Redemption are set out in the announcements of the Company dated 29 January 2019 and 4 March 2019.

On 1 February 2019, Charm Reliance International Limited (the “First Investor A”), Delight Finance International Limited (the “First Investor B”, together with the First Investor A, the “First Investors”), Leading Bright Investment Limited (the “Second Investor”, together with the First Investors, the “Investors”), Heroic Peace Limited (“Heroic Peace”) (a wholly-owned subsidiary of the Company) and Fortune Joy Ventures Limited (the “Target Company”) entered into a subscription agreement (the “Subscription Agreement”), pursuant to which the Target Company agreed to allot and issue, and the Investors agreed to subscribe for, a total of 5,100 shares in the Target Company (the “Subscription Shares”) at the aggregate subscription price of USD295,800,000 (i.e. the subscription price of USD58,000 per Subscription Share (the “Subscription”). The Subscription Shares represented 51% of the total number of the issued shares of the Target Company immediately upon completion of the Subscription (as enlarged by the allotment and issue of the Subscription Shares). Upon completion of the Subscription, the Target Company was owned as to 49% by Heroic Peace, 12.75% by the First Investor A, 12.75% by the First Investor B and 25.5% by the Second Investor. Heroic Peace, the Investors and the Target Company also entered into a shareholders’ agreement on 1 February 2019, pursuant to which the parties agreed upon, among other things, the management and affairs of the Target Company. Upon completion of the Subscription, the Company’s interest in the Target Company decreased from 100% to 49%. The Target Company ceased to be a wholly-owned subsidiary of the Company and became a non wholly-owned subsidiary of the Company and its financial results continued be consolidated into the Company’s consolidated financial statements as a result of the control by the Company of the composition of the majority of the members of the board of directors of the Target Company. Details of the Subscription are set out in the announcement of the Company dated 3 February 2019.

On 18 March 2019, Sino-Ocean Holding Group (China) Limited (the “Issuer”), a wholly-owned subsidiary of the Company, issued corporate bonds with an aggregate principal amount of RMB2.9 billion. The corporate bonds are divided into two classes: Class I, with an aggregate principal amount of RMB1.7 billion, shall be of a term of five years with a coupon rate of 4.06%; Class II, with an aggregate principal amount of RMB1.2 billion, shall be of a term of seven years with a coupon rate of 4.59%. The proceeds raised from the issue of the Corporate Bonds shall be used for repayment of the principals and interests of the Issuer’s existing corporate bonds. Details of the issue of the corporate bonds are set out in the announcement of the Company dated 18 March 2019.

#### **By order of the Board**

**LI Ming**  
*Chairman*

Hong Kong, 20 March 2019

# CORPORATE GOVERNANCE REPORT ≪

**The Board is pleased to present the Corporate Governance Report of the Company for the year ended 31 December 2018.**

## **COMMITMENT TO CORPORATE GOVERNANCE**

The board of directors (the “Board”) and the management of Sino-Ocean Group Holding Limited (the “Company”) and its subsidiaries (the “Group”) are committed to achieving and maintaining high standards of corporate governance, which they consider to be critical in safeguarding the integrity of the Company’s operations and maintaining investors’ trust in the Company. The management of the Group also actively observes the latest corporate governance developments in Hong Kong and overseas.

### **>> Corporate governance practices**

In the opinion of the Board, the Company had complied with the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the “Listing Rules”) throughout the year under review, except for the deviations as disclosed herein.

The roles of the chairman (the “Chairman”) and the chief executive officer (the “CEO”) of the Company are served by Mr. LI Ming and have not been segregated as required under code provision A.2.1 of the CG Code. However, the Company considers that the combination of the roles of the Chairman and the CEO involve a realignment of power and authority under the existing corporate structure and facilitate the ordinary business activities of the Company.

Code provision A.1.7 of the CG Code stipulates that if a substantial shareholder or a director has a conflict of interest in a matter to be considered by the board which the board has determined to be material, the matter should be dealt with by a physical board meeting rather than a written resolution. During the year under review, the Board approved a connected transaction (the “Transaction”) for which a substantial shareholder of the Company and certain directors of the Company who were nominated by such substantial shareholder of the Company were regarded as having material interests therein by resolutions in writing passed by all directors of the Company (the “Directors”) (except those who abstained from passing the written resolutions) in lieu of a physical board meeting in accordance with the articles of association of the Company (the “Articles”). It is considered that the adoption of written resolutions in lieu of a physical board meeting allowed the Board to make a decision in relation to the Transaction more efficiently in view of time constraints. Prior to the execution of the written resolutions, board papers regarding the Transaction were provided to all Directors in advance for their review and consideration, and all Directors had declared their interests in the matters (if any) in accordance with the Articles and applicable laws. The Directors who had material interests in the Transaction abstained from passing the written resolutions.

## >> Directors' securities transactions

The Company has adopted a code of conduct regarding securities transactions by the Directors (the "Code of Conduct") on terms no less exacting than the required standards set out in the Model Code in Appendix 10 to the Listing Rules. The Company has made specific enquiries with each Director and each of them confirmed that he or she had complied with all required standards under the Code of Conduct during the year under review.

# THE BOARD

## >> Responsibilities

The Board, led by the Chairman, is responsible for achieving the corporate goals, formulating the development strategy, regularly reviewing the organizational structure, and monitoring the business activities and the performance of management so as to protect and maximize the interests of the Company and its shareholders (the "Shareholders"). Matters relating to the daily operations of the Group are delegated to the management. The delegated functions, power and work tasks are periodically reviewed to ensure that they remain appropriate. The Board will give clear directions to the management team as to their powers of management, and circumstances where the management team should report back. Approval has to be obtained from the Board prior to any decision being made or any commitments being entered into on behalf of the Company that are outside the scope of the operational authority delegated by the Board. Matters reserved for the Board are the overall strategy of the Group, major acquisitions and disposals, major capital investments, dividend policy, significant changes in accounting policies, material contracts, appointment and retirement of Directors, remuneration policy and other major operational and financial matters. During the year under review, the Board, among others, considered and approved the annual budget, management results and performance update against annual budget, together with business reports from the management, reviewed and approved the interim results for the six months ended 30 June 2018 and the final results for the year ended 31 December 2017, approved the Company's discloseable transactions, connected transactions, adoption of share option scheme, grant of share options and other critical business operations, assessed the corporate governance, internal control and the financial matters of the Group.

The Board is collectively responsible for performing corporate governance duties including:

- (a) to develop, review and implement the Company's policy and practices on corporate governance;
- (b) to review and monitor the training and continuous professional development of Directors and senior management;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the Code of Conduct applicable to employees and Directors; and
- (e) to review the Company's compliance with the CG Code which is amended from time to time, and its disclosure in the corporate governance report.



## >> Board composition

As at 31 December 2018, the Board comprised twelve Directors, including three Executive Directors, Mr. LI Ming (Chairman), Mr. WEN Haicheng and Mr. SUM Pui Ying; four Non-executive Directors, Mr. ZHAO Lijun, Mr. FU Fei, Mr. FANG Jun and Ms. LI Liling; and five Independent Non-executive Directors (the "INEDs"), Mr. HAN Xiaojing, Mr. SUEN Man Tak, Mr. WANG Zhifeng, Mr. JIN Qingjun and Ms. LAM Sin Lai Judy.

The members of the Board represent a wide background and rich industry experience with appropriate professional qualifications. Please refer to the section headed "Biographies of Directors and Senior Management" of this annual report for the profiles of the Directors.

Save as disclosed in the section headed "Biographies of Directors and Senior Management", the Directors have no other financial, business, family or other material/relevant relationships with one another.

### (i) *Chairman and Chief Executive Officer*

As disclosed in the section headed "Corporate governance practices" in this report, the responsibilities of the Chairman and the CEO are vested in one person, Mr. LI Ming. However, all major decisions are made in consultation with the Board and the senior management of the Company. There are five INEDs and four Non-executive Directors on the Board. The Board considers that there is sufficient balance of power and that the current arrangement maintains a strong management position and also facilitates the ordinary business activities of the Company. The Board will review the current structure from time to time and make any necessary arrangements as appropriate.

### (ii) *Non-executive Directors and Independent Non-executive Directors*

The functions of Non-executive Directors should include:

- (a) participating in board meetings to bring an independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct;
- (b) taking the lead where potential conflicts of interests arise;
- (c) serving on the audit, remuneration, nomination and investment committees, if invited; and
- (d) scrutinising the Company's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting.

The Company has received annual confirmations from all INEDs, namely Mr. HAN Xiaojing, Mr. SUEN Man Tak, Mr. WANG Zhifeng, Mr. JIN Qingjun and Ms. LAM Sin Lai Judy, in respect of their independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all the INEDs are independent parties in accordance with the independence guidelines set out in the Listing Rules and free of any relationship that could materially interfere with the exercise of their independent judgements.

Mr. ZHAO Lijun, Mr. FU Fei, Mr. FANG Jun and Ms. LI Liling, all are Non-executive Directors, have agreed not to receive the Director's fees of HKD380,000, HKD236,329, HKD380,000 and HKD149,918 respectively during the year under review.

## >> Appointment, re-election and removal of Directors

Pursuant to the letters of appointment, all Non-executive Directors and INEDs are appointed for an initial term of one year and to be renewed annually subject to retirement by rotation and re-election at the annual general meeting of the Company (the “AGM”) in accordance with the Articles.

Pursuant to the Articles, any Director appointed by the Board to fill a casual vacancy or as an addition to the existing Board shall hold office only until the next following general meeting of the Company, and shall be eligible for re-election. Every Director, including Non-executive Directors, is subject to retirement by rotation at least once every three years. One-third of the Directors must retire from office at each AGM and their re-election is subject to the approval of the Shareholders.

## >> Meetings

The Board conducts meetings on a regular basis and on an ad hoc basis, as required by business needs. During the year under review, the Board convened four meetings to approve interim and final results announcements, financial reports and connected party transactions, discloseable transactions, continuing connected transactions, adoption of share option scheme, grant of options, to access the corporate governance matters, to recommend or declare dividends and to discuss the overall strategy and monitor financial and operation performance of the Company.

The attendance of each individual Director at the board meetings, AGM and extraordinary general meeting (the “EGM”) during the year under review is set out in the following table:

Directors	Number of meeting attended/eligible to attend		
	Board Meeting	AGM	EGM
Mr. LI Ming	4/4	1/1	1/1
Mr. WEN Haicheng	4/4	0/1	0/1
Mr. SUM Pui Ying	4/4	1/1	1/1
Mr. ZHAO Lijun	4/4	0/1	0/1
Mr. FU Fei (appointed on 19 May 2018)	3/3	0/0	0/1
Mr. FANG Jun	4/4	1/1	1/1
Ms. LI Liling (appointed on 10 August 2018)	2/2	0/0	0/0
Mr. HAN Xiaojing	4/4	0/1	0/1
Mr. SUEN Man Tak	4/4	0/1	1/1
Mr. WANG Zhifeng	4/4	0/1	0/1
Mr. JIN Qingjun	4/4	1/1	1/1
Ms. LAM Sin Lai Judy	4/4	1/1	1/1
Mr. WANG Yeyi (retired on 18 May 2018)	1/1	0/1	0/0
Mr. LI Hu (resigned on 10 August 2018)	2/2	1/1	1/1
Mr. LI Hongbo (resigned on 10 August 2018)	2/2	0/1	0/1
Mr. YAO Dafeng (resigned on 10 August 2018)	2/2	0/1	0/1
Ms. SHANGGUAN Qing (resigned on 10 August 2018)	1/2	0/1	0/1

Notices of regular Board meetings were given to all Directors at least 14 days before the meetings. For board committee meetings, reasonable notice is generally given.

The agenda of Board meetings are set after consultation with the Chairman. All Directors are given an opportunity to include matters in the agenda. The agenda accompanying board papers are given to all Directors in a timely manner. All Directors are properly briefed on issues arising at any Board meetings by the Chairman.

Minutes of Board meetings and meetings of board committee with details of the matters considered and decisions reached are kept by the company secretary of the Company (the "Company Secretary") and are open for inspection at a reasonable time on reasonable notice by Directors.

All Directors have full and timely access to all relevant information as well as advice and services of the Company Secretary. Upon making request to the Board, all Directors may obtain independent professional advice at the Company's expense for carrying out their functions.

Where a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter would only be dealt with by a Board meeting. INEDs who, and whose close associates, have no material interest in the transaction would be present at such Board meeting.

The Chairman promotes a culture of openness and actively encourages Directors with different views to voice their opinion and be fully engaged in the Board's affairs so as to contribute to the Board's functions.

## >> Training for Directors

For any newly appointed Director, he/she will be provided with an induction course so as to ensure that he/she has appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations as a director under the Listing Rules and the relevant regulatory requirements.

There are also arrangements in place for providing continuing briefing and professional development to Directors, whenever necessary, in order to ensure that they have a proper understanding of the Company's operations and business. To assist their continuous professional development, the Company Secretary recommends relevant seminars and courses for the Directors to attend.

All Directors also understand the importance of continuous professional development. They are committed to participating in suitable training to develop and refresh their knowledge and skills. A record of the training received by the respective Directors are kept and updated by the Company Secretary.

During the year under review, the Directors participated in the following trainings:

Directors	Type of trainings
Mr. LI Ming	A/B/C
Mr. WEN Haicheng	A/C
Mr. SUM Pui Ying	A/C
Mr. ZHAO Lijun	A/C
Mr. FU Fei (appointed on 19 May 2018)	A/C
Mr. FANG Jun	A/C
Ms. LI Liling (appointed on 10 August 2018)	A/C
Mr. HAN Xiaojing	C
Mr. SUEN Man Tak	A/B/C
Mr. WANG Zhifeng	C
Mr. JIN Qingjun	C
Ms. LAM Sin Lai Judy	A/B/C
Mr. WANG Yeyi (retired on 18 May 2018)	C
Mr. LI Hu (resigned on 10 August 2018)	C
Mr. LI Hongbo (resigned on 10 August 2018)	C
Mr. YAO Dafeng (resigned on 10 August 2018)	C
Ms. SHANGGUAN Qing (resigned on 10 August 2018)	C

A: attending seminars, conferences and/or forums

B: giving talk at seminar(s) or forum(s)

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

## » Directors' and officers' liability insurance and indemnity

The Company has arranged appropriate liability insurance to indemnify its Directors and officers for their liabilities arising out of corporate activities. During the year under review, no claim had been made against the Directors and the officers of the Company.

## BOARD COMMITTEES

The Board has set up four board committees, namely, the audit committee, the remuneration committee, the nomination committee and the investment committee (collectively the “Board Committees”), for overseeing particular aspects of the Company’s affairs. The Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company’s expense.

The attendance of each individual committee member at the Board Committee meetings during the year under review is set out in the following table:

Directors	Number of meeting attend/eligible to attend		
	Audit Committee Meeting	Remuneration Committee Meeting	Investment Committee Meeting
Mr. LI Ming	–	–	1/1
Mr. ZHAO Lijun	2/2	–	–
Mr. FU Fei (appointed as a member of the Investment Committee on 11 September 2018)	–	–	1/1
Mr. FANG Jun	–	–	1/1
Ms. LI Liling (appointed as a member of the Audit Committee on 11 September 2018)	0/0	–	–
Mr. HAN Xiaoqing	–	3/3	–
Mr. SUEN Man Tak	2/2	3/3	–
Mr. WANG Zhifeng	–	3/3	–
Mr. JIN Qingjun	2/2	–	1/1
Ms. LAM Sin Lai Judy	2/2	–	1/1
Mr. WANG Yeyi (ceased to act as a member of the Investment Committee on 18 May 2018)	–	–	0/0
Mr. LI Hu (ceased to act as a member of the Investment Committee on 10 August 2018)	–	–	0/0
Mr. LI Hongbo (ceased to act as a member of the Investment Committee on 10 August 2018)	–	–	0/0
Mr. YAO Dafeng (ceased to act as a member of the Audit Committee on 10 August 2018)	1/1	–	–

Note: During the year under review, no physical meeting of the Nomination Committee was held and all matters requiring the Nomination Committee’s approval and/or recommendation had been resolved by way of written resolutions.

## >> Audit Committee

After Mr. YAO Dafeng ceased to act as a member of the audit committee of the Company (the "Audit Committee") with effect from 10 August 2018 and the appointment of Ms. LI Liling as a member of the Audit Committee on 11 September 2018, the Audit Committee consists of three INEDs and two Non-executive Directors of the Company, namely Ms. LAM Sin Lai Judy, Mr. SUEN Man Tak, Mr. JIN Qingjun, Mr. ZHAO Lijun and Ms. LI Liling. Ms. LAM Sin Lai Judy, who has professional qualifications in accountancy, is the Chairman of the Audit Committee. None of them is a member of the former or existing auditors of the Company.

The main duties of the Audit Committee are to audit and supervise the financial reporting process of the Group. The Audit Committee is also responsible for considering the appointment and remuneration of the auditors and any matters related to the removal and resignation of the auditors. The written terms of reference of the Audit Committee are available on the websites of the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Audit Committee held two meetings during the year under review. Executive Directors, senior management and the external auditor of the Company were invited to join the discussions at the meetings.

The tasks, among others, performed by the Audit Committee during the year under review included:

- (i) review of the interim and annual consolidated financial statements;
- (ii) discussion with the external auditors on the issues of, including but not limited to the impact of national macro policies to real estate companies, currency risk, financing structure, land appreciation tax, progress of various projects, joint venture operation, and implementation of new tax rule in the PRC;
- (iii) review of the cash flow projection for 2018 and monitor of the overall financial position of the Group;
- (iv) review of the adequacy and effectiveness of the internal control system and recommendation to the Board for improvement of internal control, credit control and risk management;
- (v) review of the application of the relevant General Accepted Accounting Principles and recommendation to the Board for the adoption of accounting policies;
- (vi) review of the adequacy of the provision for material liabilities and impairment of assets; and
- (vii) meeting with the external auditor in the absence of executive Directors and senior management to discuss issues regarding audit.

## >> Remuneration Committee

The remuneration committee of the Company (the “Remuneration Committee”) comprises three members, all being INEDs, namely Mr. HAN Xiaojing (the Chairman of the Remuneration Committee), Mr. SUEN Man Tak and Mr. WANG Zhifeng.

The main duties of the Remuneration Committee are to make recommendations and proposals to the Board in respect of the remuneration policies and to review and approve the remunerations which are determined based on the results and performance of the Company by making reference to the Company’s objectives as approved from time to time by the Board and based on prevailing market conditions.

The Remuneration Committee to determine, with delegated responsibility from the Board, the remuneration package and incentive payment of executive Directors and senior management, including benefits in kind, pension rights and compensation payments. The written terms of reference of the Remuneration Committee are available on the websites of the Company and the Stock Exchange.

The tasks, among others, performed by the Remuneration Committee during the year under review included:

- (i) review and approval of the report of the labour cost for the year ended 31 December 2017 and the budget of the labour cost for the year ended 31 December 2018;
- (ii) review and approval of the report of remuneration packages for senior management for the year ended 31 December 2018;
- (iii) review and approval of the recommendation of adoption of new share option scheme;
- (iv) review and approval of the recommendation of share options granted under the new share option scheme; and
- (v) make recommendation to the Board on the remuneration of executive Directors and non-executive Directors.

The remuneration of Directors is determined with reference to their experience, qualifications, responsibilities involved in the Company and the prevailing market conditions. Details of emoluments of Directors for the year under review are set out in note 54 to the consolidated financial statements. The emoluments paid to senior management during the year under review were within the following bands:

	<b>Number of Senior Management</b>
Nil to HKD5,000,000	–
HKD5,000,001 to HKD6,000,000	2
HKD6,000,001 to HKD7,000,000	–
HKD7,000,001 to HKD8,000,000	3
HKD8,000,001 to HKD9,000,000	1
HKD9,000,001 or above	–

## » Nomination Committee

After Mr. SUEN Man Tak ceased to act as a member of the nomination committee of the Company (the “Nomination Committee”) with effect from 11 September 2018, the Nomination Committee comprises three members, being an Executive Director, Mr. LI Ming, and two INEDs, namely Mr. HAN Xiaojing and Mr. WANG Zhifeng. Mr. LI Ming is the Chairman of the Nomination Committee.

The main duties of the Nomination Committee are to nominate candidates for directorship, consider nominations for directorship and make recommendations to the Board in respect of such appointments. If necessary, the Nomination Committee will also convene meetings and submit reports to the Board. The written terms of reference of the Nomination Committee are available on the websites of the Company and the Stock Exchange.

The tasks, among others, performed by the Nomination Committee during the year under review included to:

- (i) review and recommend the structure, size and composition of the Board and its committees;
- (ii) review the profile of the potential candidate to assess suitability in accordance with the nomination policy of the Company (the “Nomination Policy”) and the objective criteria, with due regard for the benefits of diversity, as set out under the board diversity policy of the Company (the “Board Diversity Policy”) and then make recommendation to the Board;
- (iii) review and recommend the rotation of Directors pursuant to the Articles; and
- (iv) review human resource management and staff development system.

## » Summary of Nomination Policy under Nomination Committee

The purpose of the Nomination Policy is to set out the selection criteria and procedure for the selection, appointment and reappointment of Directors.

In assessing the suitability of a proposed candidate, the factors would be used as reference by the Nomination Committee include but not limit to the following:

- reputation for integrity
- accomplishment and experience in the industry
- commitment in respect of available time and relevant interest
- diversity in all its aspects, including but not limited to gender, age (18 years or above), cultural and educational background, professional experience, skills, knowledge, industry or other experience, expertise, independence and length of service

Member(s) of the Nomination Committee shall convene a meeting of the Nomination Committee and invite nominations of candidates from Board members if any, for consideration by the Nomination Committee prior to its meeting. The Nomination Committee may also put forward candidates who are not nominated by Board members. For filling a casual vacancy or appointing an addition Director, the Nomination Committee shall make recommendations for the Board’s consideration and approval. For proposing candidates to stand for election or re-election at a general meeting, the Nomination Committee shall make nominations or recommendation to the Board for its consideration. A circular containing the names, brief biographies (including qualifications and relevant experience), independence, proposed remuneration and any other information as required pursuant to the applicable laws, rules and regulations, of the proposed candidates nominated by the Board to stand for election or re-election at a general meeting will be sent to Shareholders. A candidate is allowed to withdraw his candidature at any time before the general meeting by serving a notice in writing to the Company Secretary. The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election or re-election at any general meeting.



## >> Summary of board diversity policy under Nomination Committee

The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance and hence the purpose of the Board Diversity Policy aims to build and maintain a Board with a diversity of Directors, in terms of gender, age, cultural and education background, professional experience, skills, knowledge, industry or other experience, expertise, independence and length of service. These differences will be taken into account in determining the optimum composition of the Board. The Company will also take into account factors based on its business model and specific needs from time to time. The Nomination Committee will discuss the measurable objectives for implementing diversity on the Board from time to time and recommend them to the Board for adoption.

The Nomination Committee will review annually on the composition of the Board under diversified perspectives, and monitor the implementation of this policy to ensure the effectiveness of this policy. As at the date of this report, the Board comprises 12 Directors, two of which are female members. The Board is also characterised by significant diversity, whether considered in terms of gender, nationality, professional background and skills.

## >> Investment Committee

After Mr. WANG Yeyi, Mr. LI Hu and Mr. LI Hongbo ceased to act as members of the investment committee of the Company (the "Investment Committee") on 18 May 2018, 10 August 2018 and 10 August 2018 respectively, and the appointment of Mr. FU Fei as a member of the Investment Committee on 11 September 2018, the Investment Committee comprises five members, being one Executive Director, namely Mr. LI Ming, two Non-executive Directors, namely Mr. FU Fei and Mr. FANG Jun and two INEDs, namely Mr. JIN Qingjun and Ms. LAM Sin Lai Judy. Mr. LI Ming is the Chairman of the Investment Committee. It will meet at the request of any member of the committee and the head of investment department will also participate in discussions. The Investment Committee is authorized, at the expense of the Company, to seek advice from external professionals or to arrange them to attend the meetings.

The main duties of the Investment Committee are to review the Group's investment strategy and to examine and make decision on the prospective major investments. The written terms of reference of the Investment Committee are available on the websites of the Company and the Stock Exchange.

## >> Company Secretary

The Company Secretary is responsible for ensuring that board procedures comply with all applicable laws, rules and regulations and advising the Board on corporate governance matters. Moreover, the Company Secretary is responsible for keeping all Directors updated on Listing Rules, regulatory requirements, as well as internal codes of conduct of the Company. During the year under review, the Company Secretary has taken not less than 15 hours of relevant professional training.

## >> Accountability and Audit

The Directors acknowledge their responsibility to present a balanced, clear and understandable assessment in the consolidated financial statements of the annual and interim reports, other price sensitive announcements and other financial disclosures as required under the Listing Rules, and to report to regulators as well as to disclose information required pursuant to statutory requirements. Where the Directors are aware of material uncertainties relating to events or conditions that might cast significant doubt upon the Company's ability to continue as a going concern, such uncertainties would be clearly and prominently set out and discussed in detail in this Corporate Governance Report.

The statement of the independent auditor of the Company about their reporting responsibilities and opinion on the financial statements of the Company for the year ended 31 December 2018 is set out in the Independent Auditor's Report on page 109 to 113 of this annual report.

## RISK MANAGEMENT AND INTERNAL CONTROLS

The risk management and internal controls of the Group are designed to help the Group in protecting its assets and information. The presence of risk management and internal controls empowers the Group to implement best business practices in challenging business environments. The Group's risk management and internal controls cover a number of in-house procedures and policies comprising, among others, the relevant financial, operational and compliance controls, handling and dissemination of inside information and risk management functions. The Board requires the management to maintain sound and effective internal controls. Evaluation of the Group's risk management and internal controls and the internal audit are independently conducted by risk management department. They report to the Audit Committee twice each year, among others, in any significant findings and effectiveness of the internal audit, risk management and internal control systems. Copy of the minutes of the Audit Committee meeting is presented to the Board meeting for consideration. The Board and Audit Committee considered that the risk management and internal control systems are implemented effectively. Furthermore, the Board, at least annually, reviews the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function and the reviews of the effectiveness of the Group's risk management and internal control systems cover all material controls, including financial, operational and compliance controls and risk management function. The Board is responsible for the risk management and internal control systems of the Group and reviewing their effectiveness. The risk management and internal control systems of the Group are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

## INDEPENDENT AUDITOR

The Group's independent auditor is PricewaterhouseCoopers ("PwC"). PwC is responsible for auditing and forming an independent opinion on the Group's annual consolidated financial statements. Apart from the statutory audit of the annual consolidated financial statements, PwC was also engaged to perform a review of the interim consolidated financial statements of the Group for the six months ended 30 June 2018.

For the year ended 31 December 2018, remunerations payable to PwC for the provision of statutory audit services and non-auditing services amounted to RMB8.8 million and RMB2.8 million respectively. The non-auditing services mainly represent review of interim financial information.

## CONSTITUTIONAL DOCUMENTS

There is no change in the Company's constitutional documents during the year.

## SHAREHOLDERS' RIGHTS AND COMMUNICATION

As one of the measures to safeguard the interests and rights of the Shareholders, separate resolutions are proposed at Shareholders' meetings on every substantial matter, including the election of individual Directors, for Shareholders' consideration and voting. Furthermore, the Company regards the AGM or extraordinary general meeting as an important event and the Directors, chairman of each board committee, senior management and external auditors make efforts to attend the AGM or extraordinary general meeting of the Company to address the Shareholders' queries. All resolutions proposed at Shareholders' meetings will be voted by poll. The poll voting results will be posted on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.sinooceangroup.com](http://www.sinooceangroup.com)) on the same day of the relevant general meetings.

The notice of AGM and extraordinary general meeting specified the place, the date and the time of meeting and, in the case of special business, the general nature of such business shall be sent to Shareholders at least 20 clear business days and 10 clear business days before the meeting respectively.

Shareholder(s) representing at least 5% of the total voting rights of all shareholders of the Company can make a requisition to convene an extraordinary general meeting pursuant to Section 566 of the Companies Ordinance. The requisition must state the objects of the meeting, and must be signed by the relevant shareholder(s) and deposited at the registered office of the Company. Beside, Section 580 and Section 615 of the Companies Ordinance provide that (i) shareholder(s) of the company representing at least 2.5% of the total voting rights of all the shareholders of the company who have a relevant right to vote; or (ii) at least 50 shareholders who have a relevant right to vote can put forward proposals for consideration at a general meeting by sending requests in writing to the company.

Shareholders have the right to put enquiries to the Board. All enquiries shall be in writing and sent by post to the registered office of the Company for the attention of the Company Secretary.

The Board has adopted a shareholders communication policy reflecting the current practices of the Company for communication with the Shareholders. Such policy aims at ensuring the Shareholders are provided with ready, equal and timely access to balanced and understandable information about the Company, in order to enable Shareholders to exercise their rights in an informed manner and to enhance communication between the Company and the Shareholders.

The Company adheres to high standards with respect to the disclosure of its financial statements. To foster two-way communication amongst the Company, the Shareholders and potential investors, the Company has also established an Investor Relations Department to respond to enquiries from Shareholders and the public. In addition, the Company is committed to maximizing the use of its website as a channel to provide updated information in a timely manner and strengthen the communication with both the Shareholders and the public. Further information about investor relations is set out in the section headed "Investor Relations" of this annual report.

# CORPORATE INFORMATION

## DIRECTORS

### >> Executive Directors

Mr. LI Ming (*Chairman*)  
Mr. WEN Haicheng  
Mr. SUM Pui Ying  
Mr. WANG Yeyi (retired on 18 May 2018)  
Mr. LI Hu (resigned on 10 August 2018)  
Mr. LI Hongbo (resigned on 10 August 2018)

### >> Non-executive Directors

Mr. ZHAO Lijun  
Mr. FU Fei (appointed on 19 May 2018)  
Mr. FANG Jun  
Ms. LI Liling (appointed on 10 August 2018)  
Mr. YAO Dafeng (resigned on 10 August 2018)  
Ms. SHANGGUAN Qing (resigned on 10 August 2018)

### >> Independent Non-executive Directors

Mr. HAN Xiaojing  
Mr. SUEN Man Tak  
Mr. WANG Zhifeng  
Mr. JIN Qingjun  
Ms. LAM Sin Lai Judy

## AUDIT COMMITTEE

Ms. LAM Sin Lai Judy (*Chairman*)  
Mr. ZHAO Lijun  
Ms. LI Liling (appointed on 11 September 2018)  
Mr. SUEN Man Tak  
Mr. JIN Qingjun  
Mr. YAO Dafeng (resigned on 10 August 2018)

## NOMINATION COMMITTEE

Mr. LI Ming (*Chairman*)  
Mr. HAN Xiaojing  
Mr. WANG Zhifeng  
Mr. SUEN Man Tak (resigned on 11 September 2018)

## REMUNERATION COMMITTEE

Mr. HAN Xiaojing (*Chairman*)  
Mr. SUEN Man Tak  
Mr. WANG Zhifeng

## INVESTMENT COMMITTEE

Mr. LI Ming (*Chairman*)  
Mr. FU Fei (appointed on 11 September 2018)  
Mr. FANG Jun  
Mr. JIN Qingjun  
Ms. LAM Sin Lai Judy  
Mr. WANG Yeyi (retired on 18 May 2018)  
Mr. LI Hu (resigned on 10 August 2018)  
Mr. LI Hongbo (resigned on 10 August 2018)

## COMPANY SECRETARY

Ms. LAI Yin Ping (appointed on 26 May 2018)  
Mr. CHUNG Kai Cheong (resigned on 26 May 2018)

## **AUTHORIZED REPRESENTATIVES**

Mr. LI Ming  
Ms. LAI Yin Ping (appointed on 26 May 2018)  
Mr. CHUNG Kai Cheong (resigned on 26 May 2018)

## **REGISTERED OFFICE**

Suite 601, One Pacific Place  
88 Queensway  
Hong Kong

## **PRINCIPAL PLACE OF BUSINESS**

31–33 Floor, Tower A  
Ocean International Center  
56 Dongsihuanzhonglu  
Chaoyang District  
Beijing PRC

## **PRINCIPAL BANKERS**

*(in alphabetical order)*

Agricultural Bank of China, Ltd.  
Bank of Beijing Co., Ltd  
Bank of China (Hong Kong) Limited  
Bank of China Limited  
Bank of Communications Co., Ltd.  
Bank of Shanghai Co., Ltd.  
China Bohai Bank Co., Ltd.  
China CITIC Bank Corporation Limited  
China Construction Bank Corporation  
China Guangfa Bank Co., Ltd.  
China Merchants Bank Co., Ltd.  
China Zheshang Bank Co., Ltd.  
DBS Bank (Hong Kong) Ltd.  
Hang Seng Bank Limited  
Industrial and Commercial Bank of China, Ltd.  
Industrial Bank Co., Ltd.  
Standard Chartered Bank (Hong Kong) Limited  
The Bank of East Asia, Limited  
The Hongkong and Shanghai Banking  
Corporation Limited  
CMB Wing Lung Bank Limited

## **AUDITOR**

PricewaterhouseCoopers  
*Certified Public Accountants*

## **LEGAL ADVISOR**

Paul Hastings

## **SHARE REGISTRAR**

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

## **LISTING INFORMATION**

The Stock Exchange of Hong Kong Limited  
Stock Code: 03377

## **COMPANY WEBSITE**

[www.sinooceangroup.com](http://www.sinooceangroup.com)

## **INVESTOR RELATIONS CONTACT**

[ir@sinooceangroup.com](mailto:ir@sinooceangroup.com)

# INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Sino-Ocean Group Holding Limited

(incorporated in Hong Kong with limited liability)

## OPINION

### What we have audited

The consolidated financial statements of Sino-Ocean Group Holding Limited (the "Company") and its subsidiaries (the "Group") set out on pages 114 to 272, which comprise:

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

### Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

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

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

### Independence

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

## KEY AUDIT MATTERS

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

Key audit matters identified in our audit are summarised as follows:

- Recoverability of entrusted loans to and amounts due from third parties, joint ventures, associates and non-controlling interests
- Valuation of investment properties

<b>Key Audit Matter</b>	<b>How our audit addressed the Key Audit Matter</b>
<p><i>Recoverability of entrusted loans to and amounts due from third parties, joint ventures, associates and non-controlling interests (collectively, the “Counterparties”)</i></p> <p>Refer to note 22 to the consolidated financial statements</p> <p>As at 31 December 2018, the balance of entrusted loans to and amounts due from the Counterparties is RMB53,593 million, and loss allowance amounting to RMB55 million is recognised in profit or loss.</p> <p>Such amounts were provided to the Counterparties for the launch and development of the projects of real estate.</p> <p>The Group took into account reasonable and substantiated historical data such as principal and interest payment schedule, ageing, repayment history, subsequent repayment and financial information of the Counterparties, and available forward-looking information to determine whether or not the credit risk has significantly increased since initial recognition and to calculate expected credit losses.</p> <p>The assessment of the recoverability of entrusted loans to and amounts due from the Counterparties involves significant management judgements and estimates as it involves the consideration of a number of factors including historical data and forward-looking information.</p>	<p>We had interviews with the management to get knowledge of each Counterparty and the status of projects cooperated with or developed by the Counterparties. We performed site visit to the projects of real estate, on a sample basis, to collaborate with the understanding from management.</p> <p>We examined the historical data used by the Group to determine whether or not the credit risk has significantly increased since initial recognition and to calculate expected credit losses.</p> <p>We had interviews with the management for the consideration of forward-looking information such as the forecasts of future economic conditions.</p> <p>We found the judgements and estimates made by the management in the assessment of recoverability of entrusted loans to and amounts due from the Counterparties were supportable in light of available evidences.</p>

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><i>Valuation of investment properties</i></p>	
<p>Refer to note 12 to the consolidated financial statements</p>	<p>We assessed the competence, capabilities and objectivity of the Valuers.</p>
<p>The Group's investment properties were measured at fair value and carried at RMB16,205 million as at 31 December 2018 with a fair value gain of RMB2,361 million for the year then ended. The fair values of investment properties were determined by the Group based on the valuations performed by independent professional valuers (the "Valuers") engaged by the Group.</p>	<p>We obtained the valuation report of each property and assessed the appropriateness of the valuation methods applied.</p>
<p>The Group's investment property portfolio mainly included completed investment properties in Mainland China, Hong Kong and the United States and investment properties under development in Mainland China.</p>	<p>We assessed the reasonableness of relevant key assumptions used in valuation including capitalization rates, prevailing market rents and price per square feet by gathering and analysing the data of comparable properties in the market and characteristics of the Group's properties such as location, size, occupancy rate, current rental and age.</p>
<ul style="list-style-type: none"> <li>• Completed investment properties: the valuation of these was derived using the income capitalization method and comparison approach; the relevant key assumptions included capitalization rates, prevailing market rents and price per square feet.</li> <li>• Investment properties under development: the valuation of these was derived using the residual method and comparison approach; the relevant key assumptions included capitalization rates, prevailing market rents, development costs to completion, developer's profit margin, and price per square feet.</li> </ul>	<p>We checked the assumption on development costs to completion of investment property under construction with the approved budget, whose reasonableness was assessed by comparison with the actual cost of completed investment properties of the Group.</p> <p>We assessed the reasonableness of the assumption on developer's profit margin by reference to the range of estimated and empirical developer's profit margin in the industry.</p>
<p>All the relevant key assumptions were influenced by the prevailing market conditions and each property's characteristics.</p>	<p>We involved our internal valuation specialists to assist us in assessing the methodologies used by the Valuers and compared the valuations of investment properties, on a sample basis, to our independently formed market expectations.</p>
<p>We focus on this area due to the significant quantum to the consolidated financial statements, and relevant key assumptions in valuation involved significant judgements and estimates.</p>	<p>In light of the above, we found the significant judgements and estimates made by management on relevant key assumptions were in the acceptable range.</p>



## **OTHER INFORMATION**

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

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

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

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

## **RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

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

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the 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 the 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.

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

The engagement partner on the audit resulting in this independent auditor's report is Chan Kwong Tak.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 20 March 2019

# CONSOLIDATED BALANCE SHEET

	Note	As at 31 December	
		2018	2017
		RMB'000	RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	2,412,243	1,261,388
Land use rights	9	235,794	59,535
Intangible assets	10	453,278	–
Goodwill	11	514,039	99,168
Investment properties	12	16,205,333	17,279,920
Investments in joint ventures	14	20,330,505	14,720,119
Investments in associates	15	7,177,355	4,562,962
Financial assets at fair value through other comprehensive income	17	679,952	–
Financial assets at fair value through profit or loss	18	3,961,645	–
Available-for-sale financial assets	4	–	3,708,978
Trade and other receivables and prepayments	22	15,520,575	8,985,682
Deferred income tax assets	34	1,145,474	979,095
<b>Total non-current assets</b>		<b>68,636,193</b>	<b>51,656,847</b>

	Note	As at 31 December	
		2018	2017
		RMB'000	RMB'000
<b>Current assets</b>			
Prepayments for land use rights	21	2,160,585	7,507,699
Properties under development	19	54,655,796	47,767,443
Inventories, at cost		92,437	160,528
Amounts due from customers for contract work	24	–	513,524
Land development cost recoverable	20	1,119,558	814,838
Completed properties held for sale	23	20,083,298	19,413,477
Financial assets at fair value through profit or loss	18	182,504	14,656
Trade and other receivables and prepayments	22	57,454,635	39,278,801
Contract assets	4,5	2,405,696	–
Restricted bank deposits	25	3,362,876	2,797,531
Cash and cash equivalents	26	39,208,481	21,968,819
<b>Total current assets</b>		<b>180,725,866</b>	<b>140,237,316</b>
<b>Total assets</b>		<b>249,362,059</b>	<b>191,894,163</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Capital	27	27,328,810	27,129,614
Shares held for Restricted Share Award Scheme	27	(178,317)	(140,746)
Reserves	29	(1,313,848)	768,023
Retained earnings	28	22,548,161	20,745,229
		<b>48,384,806</b>	<b>48,502,120</b>
<b>Non-controlling interests</b>		<b>14,753,699</b>	<b>10,226,108</b>
<b>Total equity</b>		<b>63,138,505</b>	<b>58,728,228</b>

	Note	As at 31 December	
		2018	2017
		RMB'000	RMB'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	33	<b>73,150,254</b>	51,033,017
Trade and other payables	35	<b>167,531</b>	6,895
Deferred income tax liabilities	34	<b>2,680,889</b>	3,249,749
<b>Total non-current liabilities</b>		<b>75,998,674</b>	54,289,661
<b>Current liabilities</b>			
Borrowings	33	<b>15,424,825</b>	9,999,137
Trade and other payables	35	<b>59,198,070</b>	37,879,938
Contract liabilities	4,36	<b>26,789,737</b>	–
Advance receipts from customers	4	–	24,201,908
Income tax payable		<b>8,665,309</b>	6,795,291
Financial liabilities at fair value through profit or loss	37	<b>146,939</b>	–
<b>Total current liabilities</b>		<b>110,224,880</b>	78,876,274
<b>Total liabilities</b>		<b>186,223,554</b>	133,165,935
<b>Total equity and liabilities</b>		<b>249,362,059</b>	191,894,163

Approved by the Board of Directors on 20 March 2019

**LI Ming**  
Executive Director

**SUM Pui Ying**  
Executive Director

The notes on pages 123 to 272 are an integral part of these consolidated financial statements.

# CONSOLIDATED INCOME STATEMENT

	Note	Year ended 31 December	
		2018	2017
		RMB'000	RMB'000
Revenue	7	41,422,099	45,837,469
Cost of sales	40	(33,135,597)	(34,598,623)
<b>Gross profit</b>		<b>8,286,502</b>	11,238,846
Interest and other income	38	2,542,684	1,116,422
Other gains — net	39	1,339,960	975,243
Fair value gains on investment properties	12	2,361,070	440,199
Selling and marketing expenses	40	(1,205,559)	(800,327)
Administrative expenses	40	(1,730,205)	(1,240,268)
<b>Operating profit</b>		<b>11,594,452</b>	11,730,115
Finance costs	42	(1,774,760)	(1,173,885)
Share of results of joint ventures		1,103,464	802,213
Share of results of associates		52,065	63,967
<b>Profit before income tax</b>		<b>10,975,221</b>	11,422,410
Income tax expense	43	(6,309,400)	(5,163,743)
<b>Profit for the year</b>		<b>4,665,821</b>	6,258,667
<b>Attributable to:</b>			
Owners of the Company		3,573,745	5,115,405
Non-controlling interests		1,092,076	1,143,262
		<b>4,665,821</b>	6,258,667
<b>Earnings per share attributable to owners of the Company during the year</b> (expressed in RMB)			
<b>Basic earnings per share</b>	44	<b>0.473</b>	0.680
<b>Diluted earnings per share</b>	44	<b>0.470</b>	0.678

The notes on pages 123 to 272 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December	
		2018	2017
		RMB'000	RMB'000
<b>Profit for the year</b>		<b>4,665,821</b>	6,258,667
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Fair value losses on financial assets at fair value through other comprehensive income, net of tax		<b>(28,923)</b>	–
<b>Items that may be reclassified to profit or loss</b>			
Fair value gains on available-for-sale financial assets		–	262,088
Currency translation differences		<b>(24,923)</b>	184,610
Share of other comprehensive income of investments accounted for using the equity method	29	<b>(1,463,874)</b>	465,146
<b>Other comprehensive income for the year</b>		<b>(1,517,720)</b>	911,844
<b>Total comprehensive income for the year, net of tax</b>		<b>3,148,101</b>	7,170,511
<b>Total comprehensive income attributable to:</b>			
— Owners of the Company		<b>1,851,135</b>	5,999,048
— Non-controlling interests		<b>1,296,966</b>	1,171,463
		<b>3,148,101</b>	7,170,511

The notes on pages 123 to 272 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Attributable to owners of the Company					Non-controlling interests			
		Share capital RMB'000	Shares held for Restricted Share Award Scheme RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Capital instrument RMB'000	Perpetual subordinated guaranteed capital securities RMB'000	Others RMB'000	Total equity RMB'000
<b>Balance at 1 January 2018</b>		27,129,614	(140,746)	768,023	20,745,229	48,502,120	3,500,000	3,930,367	2,795,741	58,728,228
Adjustment on adoption of HKFRS 9, net of tax	4	-	-	(199,031)	199,031	-	-	-	-	-
Adjustment on adoption of HKFRS 15, net of tax	4	-	-	-	57,529	57,529	-	-	56,001	113,530
<b>Restated balance at 1 January 2018</b>		27,129,614	(140,746)	568,992	21,001,789	48,559,649	3,500,000	3,930,367	2,851,742	58,841,758
Profit for the year		-	-	-	3,573,745	3,573,745	175,000	198,913	718,163	4,665,821
Fair value losses on financial assets at fair value through other comprehensive income, net of tax		-	-	(28,923)	-	(28,923)	-	-	-	(28,923)
Currency translation differences		-	-	(229,813)	-	(229,813)	-	195,959	8,931	(24,923)
Share of other comprehensive income of investments accounted for using the equity method	29	-	-	(1,463,874)	-	(1,463,874)	-	-	-	(1,463,874)
<b>Total other comprehensive income, net of tax</b>		-	-	(1,722,610)	3,573,745	1,851,135	175,000	394,872	727,094	3,148,101
<b>Transactions with owners of the company</b>										
Dividends relating to 2017	45	-	-	-	(999,882)	(999,882)	-	-	-	(999,882)
Dividends relating to 2018	45	-	-	-	(938,280)	(938,280)	-	-	-	(938,280)
Expenses on share-based payment	29	-	-	71,680	-	71,680	-	-	-	71,680
Transfer from retained earnings	29	-	-	89,211	(89,211)	-	-	-	-	-
Issue of shares pursuant to exercise of employee share options	27	197,298	-	(35,380)	-	161,918	-	-	-	161,918
Vesting of shares under Restricted Share Award Scheme	27	1,898	36,446	(38,344)	-	-	-	-	-	-
Purchase of shares for Restricted Share Award Scheme	27	-	(74,017)	-	-	(74,017)	-	-	-	(74,017)
Distribution relating to capital instrument		-	-	-	-	-	(175,000)	-	-	(175,000)
Distribution relating to non-controlling interest		-	-	-	-	-	-	-	(347,175)	(347,175)
Distribution relating to capital securities		-	-	-	-	-	-	(255,548)	-	(255,548)
Contribution from non-controlling interests		-	-	-	-	-	-	-	2,097,500	2,097,500
<b>Total contributions by and distributions to owners of the company</b>		199,196	(37,571)	87,167	(2,027,373)	(1,778,581)	(175,000)	(255,548)	1,750,325	(458,804)
Increase in non-controlling interest as a result of business combination	50	-	-	-	-	-	-	-	413,674	413,674
Increase in non-controlling interest as a result of other acquisition		-	-	-	-	-	-	-	1,566,012	1,566,012
Decrease in non-controlling interest as a result of disposal of subsidiaries		-	-	-	-	-	-	-	(68,891)	(68,891)
Decrease in non-controlling interests as a result of acquisition of additional interests in subsidiaries	51	-	-	(247,397)	-	(247,397)	-	-	(55,948)	(303,345)
<b>Total transactions with owners of the company</b>		199,196	(37,571)	(160,230)	(2,027,373)	(2,025,978)	(175,000)	(255,548)	3,605,172	1,148,646
<b>Balance at 31 December 2018</b>		27,328,810	(178,317)	(1,313,848)	22,548,161	48,384,806	3,500,000	4,069,691	7,184,008	63,138,505



	Note	Attributable to owners of the Company					Non-controlling interests			
		Share capital RMB'000	Shares held for Restricted Share Award Scheme RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Capital instrument RMB'000	Perpetual subordinated guaranteed capital securities RMB'000	Others RMB'000	Total equity RMB'000
<b>Balance at 1 January 2017</b>		26,920,490	(147,280)	(359,691)	17,585,122	43,998,641	3,500,000	–	1,831,239	49,329,880
Profit for the year		–	–	–	5,115,405	5,115,405	245,000	56,634	841,628	6,258,667
Fair value gains on available-for-sale financial assets		–	–	219,549	–	219,549	–	–	42,539	262,088
Currency translation differences		–	–	198,948	–	198,948	–	–	(14,338)	184,610
Share of other comprehensive income of investments accounted for using the equity method	29	–	–	465,146	–	465,146	–	–	–	465,146
<b>Total other comprehensive income, net of tax</b>		–	–	883,643	5,115,405	5,999,048	245,000	56,634	869,829	7,170,511
<b>Transactions with owners of the company</b>										
Dividends relating to 2016		–	–	–	(782,907)	(782,907)	–	–	–	(782,907)
Dividends relating to 2017	45	–	–	–	(1,072,542)	(1,072,542)	–	–	–	(1,072,542)
Expenses on share-based payment	29	–	–	103,044	–	103,044	–	–	–	103,044
Transfer from retained earnings	29	–	–	99,849	(99,849)	–	–	–	–	–
Issue of shares pursuant to exercise of employee share options	27	205,043	–	(36,203)	–	168,840	–	–	–	168,840
Vesting of shares under Restricted Share Award Scheme	27	4,081	44,246	(48,327)	–	–	–	–	–	–
Purchase of shares for Restricted Share Award Scheme	27	–	(37,712)	–	–	(37,712)	–	–	–	(37,712)
Distribution relating to capital instrument		–	–	–	–	–	(245,000)	–	–	(245,000)
Distribution relating to non-controlling interest		–	–	–	–	–	–	–	(23,995)	(23,995)
Issue of capital securities	31	–	–	–	–	–	–	3,873,733	–	3,873,733
Contribution from non-controlling interests		–	–	–	–	–	–	–	25,200	25,200
<b>Total contributions by and distributions to owners of the company</b>		209,124	6,534	118,363	(1,955,298)	(1,621,277)	(245,000)	3,873,733	1,205	2,008,661
Increase in non-controlling interest as a result of business combination		–	–	–	–	–	–	–	162,815	162,815
Increase in non-controlling interests as a result of disposal interests without change of control		–	–	2,595	–	2,595	–	–	11,405	14,000
Increase in non-controlling interest as a result of other acquisition		–	–	–	–	–	–	–	89,091	89,091
Decrease in non-controlling interest as a result of disposal of subsidiaries		–	–	–	–	–	–	–	(26,430)	(26,430)
Decrease in non-controlling interests as a result of acquisition of additional interests in subsidiaries		–	–	123,113	–	123,113	–	–	(143,413)	(20,300)
<b>Total transactions with owners of the company</b>		209,124	6,534	244,071	(1,955,298)	(1,495,569)	(245,000)	3,873,733	94,673	2,227,837
<b>Balance at 31 December 2017</b>		27,129,614	(140,746)	768,023	20,745,229	48,502,120	3,500,000	3,930,367	2,795,741	58,728,228

The notes on pages 123 to 272 are an integral part of these consolidated financial statements.

# CONSOLIDATED CASH FLOW STATEMENT

	Note	Year ended 31 December	
		2018 RMB'000	2017 RMB'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	46	7,472,323	6,096,137
Interest paid		(3,721,491)	(2,985,662)
Income tax paid		(3,795,365)	(4,332,652)
Net cash used in operating activities		(44,533)	(1,222,177)
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment	8	(877,098)	(441,895)
Proceeds from sale of property, plant and equipment		14,018	33,437
Proceeds from sale of investment properties		16,813	11,173
Purchases of investment properties		(805,327)	(615,070)
Purchases of intangible assets	10	(29,468)	–
Purchases of available-for-sale financial assets		–	(429,248)
Purchases of financial assets at fair value through other comprehensive income		(8,725)	–
Purchases of financial assets at fair value through profit or loss		(634,359)	–
Redemption of available-for-sale financial assets		–	84,462
Redemption of financial assets at fair value through profit or loss		6,717	–
Proceeds from disposal of available-for-sale financial assets		–	423,928
Proceeds from disposal of financial assets at fair value through profit or loss		7,579	–
Dividends received		248,043	25,105
Purchases of land use rights	9	(179,676)	(8,348)
Acquisition of subsidiaries, net of cash acquired		(1,151,357)	1,391,616
Proceeds from disposal of interests in subsidiaries, net of cash disposed		5,038,590	722,997
Capital injection to joint ventures		(5,147,711)	(4,295,758)
Proceeds from disposal of joint ventures		493	805,112

	Note	Year ended 31 December	
		2018 RMB'000	2017 RMB'000
Capital injection to associates	15	(2,788,550)	(1,875,599)
Proceeds from disposal of interests in an associate		–	552,364
Dividends received from joint ventures and associates		542,812	262,514
Entrusted loans advanced		(22,262,541)	(10,218,246)
Repayment of entrusted loans		12,727,130	9,789,004
Interest received		2,188,857	878,352
Net cash used in investing activities		(13,093,760)	(2,904,100)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		47,977,453	18,484,343
Repayments of borrowings		(22,055,932)	(13,892,128)
Amounts due to a non-controlling interest		5,000,000	–
Consideration paid for transactions with non-controlling interests		(303,345)	(20,300)
Capital injection from non-controlling interests		2,097,500	25,200
Dividends paid to non-controlling interests		(347,175)	(23,995)
Dividends paid to the shareholders of the Company		(1,938,162)	(1,072,542)
Distribution relating to capital securities		(255,548)	–
Purchase of shares for Restricted Share Award Scheme		(74,017)	(37,712)
Issue of shares pursuant to exercise of employee share options		161,918	168,840
Issue of capital securities	31	–	3,873,733
Distribution relating to capital instrument		(175,000)	(245,000)
Net cash generated from financing activities		30,087,692	7,260,439
Increase in cash and cash equivalents		16,949,399	3,134,162
Cash and cash equivalents at beginning of the year	26	21,968,819	19,052,833
Exchange gains on cash and cash equivalents		290,263	(218,176)
Cash and cash equivalents at end of the year	26	39,208,481	21,968,819

The notes on pages 123 to 272 are an integral part of these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION

Sino-Ocean Group Holding Limited (the “Company”) is a limited liability company incorporated in Hong Kong on 12 March 2007. The address of its registered office is Suite 601, One Pacific Place, 88 Queensway, Hong Kong. The Company and its subsidiaries (together, the “Group”) are principally engaged in investment holding, property development and property investment in the People’s Republic of China (the “PRC”).

The consolidated financial statements are presented in Renminbi (“RMB”), unless otherwise stated. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The consolidated financial statements have been approved for issue by the Board of Directors on 20 March 2019.

## 2 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS”). They have been prepared under the historical cost convention, as modified by the revaluation of investment properties, financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income, which are carried at fair values.

The preparation of the consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 6.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### 3.1 Changes in accounting policy and disclosures

(a) *New and amended standards adopted by the Group*

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2018:

- HKFRS 9 Financial Instruments
- HKFRS 15 Revenue from Contracts with Customers
- Classification and Measurement of Share-based Payment Transactions — Amendments to HKFRS 2
- Annual Improvements 2014–2016 cycle
- Transfers to Investment Property — Amendments to HKAS 40
- Interpretation 22 Foreign Currency Transactions and Advance Consideration

The Group also elected to adopt the following amendments early.

- Annual Improvements to HKFRS Standards 2015–2017 Cycle, and

The Group had to change its accounting policies and make certain retrospective adjustments following the adoption of HKFRS 9 (Note 4.1) and HKFRS 15 (Note 4.2). Most of the other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

- (b) Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2018 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

*HKFRS 16 Leases*

Nature of change

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

Impact

The Group has set up a project team which has reviewed all of the Group's leasing arrangements over the last year in light of the new lease accounting rules in HKFRS 16. The standard will affect primarily the accounting for the Group's operating leases. HKFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to recognise certain leases outside of the balance sheet. Instead, all non-current leases must be recognised in the form of an asset (for the right of use) and a financial liability (for the payment obligation). Thus each lease will be mapped in the Group's consolidated balance sheet. Short-term leases of less than twelve months and leases of low-value assets are exempted from the reporting obligation. The new standard will therefore results in an increase in right of use assets and an increase in financial liabilities in the consolidated balance sheet. In the consolidated income statement, as a result, the operating expenses under otherwise identical circumstances will decrease, while depreciation and amortisation and the interest expenses will increase.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.1 Changes in accounting policy and disclosures (Continued)

- (b) Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2018 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below. (Continued)

##### *HKFRS 16 Leases (Continued)*

##### Impact (Continued)

The directors consider that the adoption of the new standard will have limited impact on the current consolidated financial position of the Group as the aggregated amount of non-cancellable operating lease is small. However with these business expands in the near future the Group expects that HKFRS 16 will have some impact on the consolidated financial position of the Group.

The Group's activities as a lessor are not material and hence the Group does not expect any significant impact on the financial statements. However, some additional disclosures will be required from next year.

##### Date of adoption by Group

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

#### 3.2 Subsidiaries

##### 3.2.1 Consolidation

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

- (a) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

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

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.2 Subsidiaries (Continued)

##### 3.2.1 Consolidation (Continued)

###### (a) Business combinations (Continued)

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

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

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

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

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

###### (c) Disposal of interests in subsidiaries

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

##### 3.2.2 Separate financial statements

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

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

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.3 Joint arrangements

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

Under the equity method of accounting, interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

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

#### 3.4 Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

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

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

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to 'share of profit of investments accounted for using equity method' in the consolidated income statement.

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



### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.4 Associates (Continued)

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

When the Group begins to have significant influence but not control over another entity as a result of increasing its stake or having representation on the board, an existing investment becomes an associate for the first time, the investment in the associate is initially recognized at the cost of each purchase plus a share of investee's profits or losses which is recognized in the consolidated income statement and other comprehensive income which is recognized in other comprehensive income, and acquisition-related costs are deemed as part of the cost of investment. Any existing gains or losses recognized in respect of the previously held the investment are reversed to restate the investment to cost.

#### 3.5 Segment reporting

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

#### 3.6 Foreign currency translation

(a) *Functional and presentation currency*

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

The Group identifies the functional currency of each subsidiary for the purpose of defining that entity's foreign currency exposure. Different entities within the Group may have different functional currencies. Judgement is required in determining an entity's functional currency based on individual facts and circumstances.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within "finance income or cost". All other foreign exchange gains and losses are presented in the income statement within "other gains — net".

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

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

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.6 Foreign currency translation (Continued)

(c) *Group companies*

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

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

#### 3.7 Properties

(a) *Investment properties*

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs.

After initial recognition, investment property is carried at fair value, assessed annually by a professional independent valuer. Fair value is based on active market prices, adjusted, if necessary, for any differences in the nature, location or condition of the specific asset. If such information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

Property that is being constructed or developed as investment property is carried at fair value. Where fair value is not reliably determinable, such investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier).

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market condition.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated income statement during the financial period in which they are incurred.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.7 Properties (Continued)

(a) *Investment properties (Continued)*

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is completed, at which time it is reclassified and subsequently accounted for as investment property.

If an item of property, plant and equipment becomes an investment property because its use has changed, any differences resulting between the carrying amount and the fair value of this item at the date of transfer is recognized in equity as a revaluation of property, plant and equipment under HKAS 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognized in the consolidated income statement.

(b) *Land use rights*

Land in China mainland is state-owned and no individual land ownership right exists. The Group acquired the rights to certain land, and the premiums paid for such rights are recorded as land use rights. Land use rights are classified and accounted for in accordance to the intended use of respective properties as erected on the land.

For properties that are held for own use, corresponding land use rights are separately stated in the balance sheet, and are stated at cost and amortized over the use terms of 40 to 70 years using the straight-line method.

For properties that are held for development and subsequent sale, corresponding land use rights are accounted for as part of the development costs, and are accounted for under Note 3.12.

#### 3.8 Property, plant and equipment

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

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

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

Buildings and leasehold improvements	5–50 years
Machinery	5–15 years
Vehicles	4–8 years
Office equipment	3–5 years
Electronic equipment	3 years

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.8 Property, plant and equipment (Continued)

Leasehold improvements' estimated useful life is shorter of remaining lease term of or useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 3.10).

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are recognized within "other gains — net", in the consolidated income statement.

Construction-in-progress represents buildings, machinery under construction and is stated at cost. Cost includes the costs of construction of buildings, the cost of plant and machinery, installation, testing and other direct costs incurred during the development period. No provision for depreciation is made on construction-in-progress until such time as the relevant assets are completed and ready for intended use. The carrying amount of a construction-in-progress is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 3.10). When the assets concerned get ready for their intended use, the costs are depreciated in accordance with the policy as stated above.

#### 3.9 Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interests in the acquiree.

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

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

#### 3.10 Impairment of non-financial assets

Assets that have an indefinite useful life or are not yet available for use are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is 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 value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.11 Financial assets

##### 3.11.1 Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

##### 3.11.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

##### 3.11.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.11 Financial assets (Continued)

##### 3.11.3 Measurement (Continued)

###### Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

###### Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.11 Financial assets (Continued)

##### 3.11.4 Impairment

From 1 January 2018, the Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of trade receivables and contract assets, see Note 5 for further details.

##### 3.11.5 Accounting policies applied until 31 December 2017

The Group has applied HKFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

##### (a) Classification

The Group classifies its financial assets into financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

- **Financial assets at fair value through profit or loss**  
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.
- **Loans and receivables**  
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables and prepayments" (Note 3.13), "restricted bank deposit" and "cash and cash equivalents" (Note 3.15) in the balance sheet.
- **Available-for-sale financial assets**  
Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.11 Financial assets (Continued)

##### 3.11.5 Accounting policies applied until 31 December 2017 (Continued)

(b) Recognition and measurement

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

Gains or losses arising from changes in the fair value of the “financial assets at fair value through profit or loss” category are presented in the income statement within “other gains – net” in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the income statement as part of other income when the Group’s right to receive payments is established.

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

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the consolidated income statement as part of “other gains – net”.

Interest on available-for-sale securities calculated using the effective interest method are recognized in the consolidated income statement as part of other income. Dividends on available-for-sale equity instruments are recognized in the consolidated income statement as part of other income when the Group’s right to receive payments is established.



### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.11 Financial assets (Continued)

##### 3.11.5 Accounting policies applied until 31 December 2017 (Continued)

###### (c) Impairment of financial assets

- Assets carried at amortized cost

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

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

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

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

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.11 Financial assets (Continued)

##### 3.11.5 Accounting policies applied until 31 December 2017 (Continued)

##### (c) Impairment of financial assets (Continued)

- Assets classified as available-for-sale

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

For debt securities, if any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the consolidated income statement.

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

#### 3.12 Inventories

##### (a) Properties under development

Properties under development are stated at the lower of cost and net realizable value. Net realizable value is determined by reference to estimated sales proceeds of the properties sold in the ordinary course of business less costs to complete development and estimated selling expenses.

Development costs of properties comprises land use rights, construction costs, borrowing costs and professional fees as incurred during the development period. On completion, all development costs of the properties are transferred to completed properties held for sale.

Costs to fulfill a contract comprise the development cost and land use right cost directly related to an existing contract that will be used to satisfy performance obligations in the future. The costs to fulfill a contract are recorded in properties under development if they are expected to be recovered. The amount is amortised on a systematic basis, consistent with the pattern of revenue recognition of the contract to which the asset relates.

##### (b) Completed properties held for sale

Completed properties held for sale are completed properties remaining unsold at the balance sheet date and are stated at the lower of cost and net realizable values. Cost comprises development costs attributable to the unsold properties. Net realizable values is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing marketing conditions.

##### (c) Other inventories

Other inventories mainly comprise raw materials for upfitting, food and beverages and hotel consumables. Goods are valued at the lower of cost and net realizable value. Cost, calculated on the weighted average basis, comprises invoiced price, delivery and other direct costs relating to purchases. Net realizable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **3.13 Trade and other receivables and prepayments**

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

Trade and other receivables and prepayments are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade and other receivables and prepayments with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 3.11 for further information about the Group's accounting for trade and other receivables and prepayments, and Note 5.1 for a description of the Group's impairment policies.

#### **3.14 Contract assets and contract liabilities**

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customer.

The combination of those rights and performance obligations gives rise to a net asset or a net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the measure of the remaining rights exceeds the measure of the remaining performance obligations. Conversely, the contract is a liability and recognized as contract liabilities if the measure of the remaining performance obligations exceeds the measure of the remaining rights.

The Group recognises the incremental costs of obtaining a contract with a customer within contract assets if the Group expects to recover those costs.

#### **3.15 Cash and cash equivalents**

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

#### **3.16 Share capital**

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

#### **3.17 Capital securities and capital instrument**

Capital securities and capital instrument with no contracted obligation to repay its principal nor to pay any distribution are classified as part of equity.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.18 Trade payables

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

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

#### 3.19 Borrowings and Borrowing costs

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

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

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

#### 3.20 Current and deferred income tax

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

##### 3.20.1 Current income tax

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

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.20 Current and deferred income tax (Continued)

##### 3.20.2 *Deferred income tax*

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

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

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

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

##### 3.20.3 *Offsetting*

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

#### 3.21 Employee benefits

##### (a) *Employee leave entitlements*

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employee up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognized until the time of leave.

##### (b) *Bonus entitlements*

Expected costs of bonus payments are recognized as liabilities when constructive obligations are present, as a result of services rendered by employees and reliable estimations of the obligations can be made.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.21 Employee benefits (Continued)

(c) *Retirement benefits*

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement plans organized by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government.

The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme") for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of the lower of 5% of eligible employees' relevant aggregate income and HKD1,500. The assets of this pension scheme are held separately from those of the Group in independently administered funds.

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

#### 3.22 Share-based payments

The Group operates a number of equity-settled, share-based compensation plans, including "share option scheme" and Restricted Share Award Scheme, under which the entity receives services from employees as consideration for equity instruments (options and shares) of the Group.

• *Share option scheme*

The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

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

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. The impact of the revision to original estimates, if any, is recognized in the consolidated income statement, with a corresponding adjustment to equity.

The cash subscribed for the shares issued when the options are exercised is credited to share capital, net of any directly attributable transaction costs.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.22 Share-based payments (Continued)

- *Restricted Shares Award Scheme*

The fair value of the employee services received in exchange for the grant of these share-based awards is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the shares awarded at the grant date.

When Trustee purchases the Company's shares from the open market, the consideration paid, including any directly attributable incremental costs, is presented as "Shares held for Restricted Share Award Scheme" in the consolidated statement of changes in equity and deducted from total equity. When the Trustee transfers the Company's shares to grantees upon vesting, the related costs of the awarded shares are credited to "Shares held for Restricted Share Award Scheme" with a corresponding adjustment to the share capital.

At the end of each reporting period, the Group revises its estimates of the number of these share-based awards that are expected to become vested. The impact of the revision to original estimates, if any, is recognized in the consolidated income statement, with a corresponding adjustment to equity.

#### 3.23 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

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

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

#### 3.24 Financial guarantee liabilities

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of subsidiaries or associates to secure loans, overdrafts and other banking facilities.

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. The fair value of a financial guarantee at the time of signature is zero because all guarantees are agreed on arm's length terms, and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for the future premiums is recognised. Subsequent to initial recognition, the company's liabilities under such guarantees are measured at the higher of the initial amount, less amortisation of fees recognised in accordance with IAS/HKAS 18, and the best estimate of the amount required to settle the guarantee. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by management's judgement. The fee income earned is recognised on a straight-line basis over the life of the guarantee. Any increase in the liability relating to guarantees is reported in the consolidated statement of profit or loss within other operating expenses.

Where guarantees in relation to loans or other payables of subsidiaries or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment in the financial statements of the company.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.25 Contract work

When the outcome of a contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable by reference to the stage of completion.

When the outcome of a contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognized over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected losses are recognized as expense immediately.

The Group uses the “percentage of completion method” to determine the appropriate amount to be recognized in a given period. Depending on the nature of contracts, the stage of completion is measured by reference to (a) the proportion of contract costs incurred for work performed to date to estimated total contract costs; (b) the amount of work certified by site engineers; or (c) completion of physical proportion of the contract work. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

Contract work-in-progress is valued at the cost price of the work done, plus a part of the expected profit upon completion of the project in proportion to the progress made and less progress receivables and provisions. Provisions are recognized for expected losses on contract work-in-progress, as soon as they are foreseen, and deducted from the cost price. The cost price includes direct project costs, consisting of direct payroll costs, materials, costs of subcontracted work, other direct costs, rental charges and maintenance costs for the equipment used. The progress of a project is determined on the basis mentioned in preceding paragraph. Profits are not recognized unless a reliable estimate can be made of the result on completion of the project. The balance of the value of contract work-in-progress and progress receivables is determined on a project by project basis.

The Group presents as an asset the “amounts due from customers for contract work” for all contracts in progress for which costs incurred plus recognized profits exceed progress receivables. Progress receivables not yet paid by customers and retention are included within “contract assets”.

#### 3.26 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sales of properties and services in the ordinary course of the Group’s activities. Revenue is shown, net of discounts and after eliminating sales with the Group companies. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group’s activities, as described below.

(a) *Sales of properties and construction services*

Revenues are recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over the period or at a point in time. Control of the asset is transferred over the period if the Group’s performance:

- provides all of the benefits received and consumed simultaneously by the customer; or
- creates and enhances an asset that the customer controls as the Group performs; or
- do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.



### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.26 Revenue recognition (Continued)

(a) *Sales of properties and construction services (Continued)*

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

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

For property development and sales contract for which the control of the property is transferred at a point in time, revenue is recognised when the customer obtains the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

For construction services, the Group's performance creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced, thus the Group satisfies a performance obligation and recognises revenue over the period, by reference to completion of the specific transaction assessed on the basis of the actual costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

Accounting policies applied until 31 December 2017

Revenue from sales of properties is recognized when the risks and rewards of the properties transferred to the purchaser, which is when the construction of the relevant properties have been completed and properties have been delivered to the purchaser pursuant to the sale agreements, and collectability of related receivables is reasonably assured. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in current liabilities, and are separately stated in the balance sheet as advances receipts from customers.

(b) *Rental income*

Rental income is recognized on a straight-line basis over the lease terms.

(c) *Property management and agency fee income*

Property management and agency fee income is recognized in the accounting period in which the services are rendered.

(d) *Interest income*

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

(e) *Dividend income*

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

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3.27 Operating leases

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

(a) *The Group is the lessee*

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

(b) *The Group is the lessor*

When assets are leased out under an operating lease, the assets are included in the balance sheet based on the nature of the assets. Lease income is recognized over the term of the lease on a straight-line basis.

#### 3.28 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

## 4 CHANGE IN ACCOUNTING POLICIES

This note explains the impact of the adoption of HKFRS 9 Financial instruments and HKFRS 15 Revenue from contracts with customers on the Group's financial statements.

### 4.1 HKFRS 9 Financial instruments

HKFRS 9 replaces the provisions of HKAS 39 Financial Instruments ("HKAS39") that relate to the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 Financial instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transitional provisions in HKFRS 9, comparative figures have not been restated.

(i) *Classification and measurement of financial instruments*

The total impact on the Group's retained earnings due to classification and measurement of financial instruments as at 1 January 2018 is as follow:

	RMB'000
Opening retained earnings — HKAS 39	20,745,229
Reclassify investments from available-for-sale to financial assets at fair value through profit or loss ("FVPL")	199,031
Adjustment to retained earnings from adoption of HKFRS 9	199,031
Opening retained earnings — HKFRS 9 (before restatement for HKFRS 15)	20,944,260

## 4 CHANGE IN ACCOUNTING POLICIES (Continued)

### 4.1 HKFRS 9 Financial instruments (Continued)

(i) *Classification and measurement of financial instruments (Continued)*

Management has assessed the business models and the contractual terms of the cash flows apply to the financial assets held by the Group at the date of initial application of HKFRS 9 (1 January 2018) and has classified its financial instruments into the appropriate HKFRS 9 categories, which are those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and those to be measured at amortised cost.

The main effects resulting from this reclassification are as follows:

	Available-for-sale financial assets ("AFS") RMB'000	Financial assets at fair value through other comprehensive income ("FVOCI") RMB'000	Financial assets at fair value through profit or loss ("FVPL") RMB'000
At 1 January 2018			
Opening balance — HKAS 39	3,708,978	–	–
Reclassify from AFS to FVOCI	(657,165)	657,165	–
Reclassify from AFS to FVPL	(3,051,813)	–	3,051,813
Opening balance — HKFRS 9	–	657,165	3,051,813

The main effects resulting from this reclassification on the Group's equity is as follows:

	AFS reserve RMB'000	FVOCI reserve RMB'000	Retained earnings RMB'000
At 1 January 2018			
Opening balance — HKAS 39	251,673	–	20,745,229
Reclassify from AFS to FVOCI	(52,642)	52,642	–
Reclassify from AFS to FVPL	(199,031)	–	199,031
Opening balance — HKFRS 9	–	52,642	20,944,260

(ii) *Impairment of financial assets*

Please refer to Note 5.1 for the Group's assessment of financial assets that are subject to HKFRS's new expected credit loss.

## 4 CHANGE IN ACCOUNTING POLICIES (Continued)

### 4.2 HKFRS 15 Revenue from contracts with customers

The Group has adopted HKFRS 15 Revenue from contracts with customers from 1 January 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements.

The Group elected to use a modified retrospective approach for transition which allows the Group to recognise the cumulative effects of initially applying HKFRS 15 as an adjustment to the opening balance of retained earnings in the 2018 financial year. The Group elected to apply the practical expedient for completed contracts and did not restate the contracts completed before 1 January 2018, thus the comparative figures have not been restated.

HKFRS 15 replaces the provisions of HKAS 18 Revenue (“HKAS18”) and HKAS 11 Construction contracts (“HKAS11”) that relate to the recognition, classification and measurement of revenue and costs. The effects of the adoption of HKFRS 15 are as follows:

#### *Accounting for property development activities*

In prior reporting periods, the Group accounted for property development activities when significant risk and rewards of ownership has been transferred to the customers on delivery in its entirety at a single time upon vacant possession and not continuously as construction progresses.

Under HKFRS 15, properties that have no alternative use to the Group due to contractual reasons and when the Group has an enforceable right to payment from the customers for performance completed to date, the Group recognises revenue as the performance obligation is satisfied over the period in accordance with the input method for measuring progress.

The excess of cumulative revenue recognised in profit or loss over the cumulative billings to purchasers of properties is recognised as contract assets. The contract assets will be reclassified as receivables when the progress billings are issued or properties are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The excess of cumulative billings to purchasers of properties over the cumulative revenue recognised in profit or loss is recognised as contract liabilities. The contract liability is recognised as revenue when the Group satisfies its performance obligations.

#### *Accounting for costs incurred to obtain a contract*

Following the adoption of HKFRS 15, costs such as stamp duty and sales commissions incurred directly attributable to obtaining a contract, if recoverable, are capitalised and recorded in contract assets.

#### *Accounting for significant financing component*

For contracts where the period between the payment by the customer and the transfer of the promised property or service exceeds one year, the transaction price is adjusted for the effects of a financing component, if significant.

## 4 CHANGE IN ACCOUNTING POLICIES (Continued)

### 4.2 HKFRS 15 Revenue from contracts with customers (Continued)

#### *Presentation of contract assets and liabilities*

Reclassifications were made as at 1 January 2018 to be consistent with the terminology used under HKFRS 15:

- Contract liabilities for progress billing recognised in relation to property development activities were previously presented as advanced proceeds received from customers.
  - Contract assets recognised in relation to construction activities and prepaid sales commission were previously presented as due from customers for contract work and trade and other receivables and prepayments respectively.
- (a) The impact on the Group's financial position by the application of HKFRS 15 as compared to HKAS 18 and HKAS 11 that was previously in effect before the adoption of HKFRS 15 is as follows:

	<b>As at 1 January 2018 Effects of the adoption of HKFRS 15</b>
	RMB'000
<hr/>	
Consolidated balance sheet (extract)	
Goodwill	(9,582)
Investments in joint ventures	1,503
Investments in associates	20,022
Properties under development	(1,641,328)
Completed properties held for sale	(953,498)
Amounts due from customers for contract work	(513,524)
Contract assets	641,433
Trade and other payables	241,598
Advance receipts from customers	(24,201,908)
Contract liabilities	21,235,422
Income tax payable	125,715
Deferred income tax liabilities	30,669
Retained earnings	57,529
Non-controlling interests	56,001
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## 4 CHANGE IN ACCOUNTING POLICIES (Continued)

### 4.2 HKFRS 15 Revenue from contracts with customers (Continued)

- (b) The amount by each financial statements line items affected in the current year and year to date by the application of HKFRS 15 as compared to HKAS 18 and HKAS 11 that was previously in effect before the adoption of HKFRS 15 is as follows:

	As at 31 December 2018 Effects of the adoption of HKFRS 15
	RMB'000
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Consolidated balance sheet (extract)	
Goodwill	(5,185)
Investments in joint ventures	5,482
Investments in associates	73,077
Properties under development	(2,474,981)
Completed properties held for sale	(1,362,854)
Amounts due from customers for contract work	(819,322)
Contract assets	2,417,785
Trade and other payables	446,726
Advance receipts from customers	(31,058,908)
Contract liabilities	26,789,737
Income tax payable	610,085
Deferred income tax liabilities	186,396
Retained earnings	715,003
Non-controlling interests	144,963
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## 4 CHANGE IN ACCOUNTING POLICIES (Continued)

### 4.2 HKFRS 15 Revenue from contracts with customers (Continued)

- (b) The amount by each financial statements line items affected in the current year and year to date by the application of HKFRS 15 as compared to HKAS 18 and HKAS 11 that was previously in effect before the adoption of HKFRS 15 is as follows: (Continued)

	Year ended 31 December 2018 Effects of the adoption of HKFRS 15  RMB'000
Consolidated income statement (extract)	
Revenue	2,590,541
Cost of sales	(1,261,042)
Share of gains of joint ventures	3,979
Share of gains of associates	53,055
Income tax expense	(640,097)
Profit for the year	746,436
— Attributable to owners of the Company	657,474
— Attributable to non-controlling interests	88,962

- (c) Details of contract assets are as follows:

	31 December 2018 RMB'000	1 January 2018 RMB'000
Contract assets related to sales of properties	1,598,463	127,909
Contract assets related to construction services	819,322	513,524
Total contract assets	2,417,785	641,433

- (d) Contract liabilities

- (i) As at 1 January and 31 December 2018, the contract liabilities mainly included the payments received from sales of properties which were usually received in advance of the performance under the contracts.

## 5 FINANCIAL RISK MANAGEMENT

### 5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow interest rate risk and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The board of directors reviews and approves policies for managing each of these risks and they are summarized below.

(a) *Market risk*

(i) Foreign exchange risk

The Group is exposed to foreign exchange risk arising from future commercial transactions and recognized assets and liabilities which are not denominated in the Group's functional currency. Majority of the Group's foreign currency transactions and balances are denominated in Hong Kong dollars ("HKD") and United States dollars ("USD"). The Group currently does not have a foreign currency hedging policy. However, management of the Group monitor foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

Conversion of RMB into foreign currency is subject to the rules and regulations of the foreign exchange control, as promulgated by the PRC government.

As at 31 December 2018, if RMB had weakened/strengthened by 5% against HKD and USD with all other variable held constant, post-tax profit for the year of the Group would have been RMB961,864,000 lower/higher (2017: RMB666,996,000 lower/higher), mainly as the result of the foreign exchange losses/gains on translation of HKD/USD dominated borrowings, net of foreign exchange gains/losses on translation of HKD/USD dominated cash and cash equivalents.

(ii) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings with prevailing market interest rates. Such risk is partly offset by cash held at prevailing market interest rates. During 2018 and 2017, the Group's borrowings at prevailing market interest rates were denominated in RMB, HKD and USD.

The Group's fair value interest rate risk relates primarily to its fixed rate borrowing and other payables. The Group currently does not utilize any derivative contracts to hedge its exposure to interest rate risk. However, management will consider hedging significant interest rate exposure should the need arise.

As at 31 December 2018, if interest rates have increased/decreased by 50 basis points with all other variables held constant, the Group's post-tax profit, after taking into account the impact of interest capitalization, would decrease/increase by approximately RMB23,874,000 (2017: RMB15,663,000).



## 5 FINANCIAL RISK MANAGEMENT (Continued)

### 5.1 Financial risk factors (Continued)

(b) *Credit risk*

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge the obligation under the terms of financial instrument and cause a financial loss to the Group. The Group considered the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an on-going basis throughout each reporting period. To assess whether there's a significant increase in credit risk, the Group compares the risk of a default occurring on the asset at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

Especially the following indicators are incorporated:

- internal credit rating
  - actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
  - actual or expected significant changes in the operating results of the borrower
  - significant increases in credit risk on other financial instruments of the same borrower
  - significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.
- (i) Cash in banks  
The Group expects that there is no significant credit risk associated with cash deposits at banks since they are substantially deposited with state-owned banks and other medium or large size listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.
- (ii) Trade receivables and contract assets  
The Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The expected credit loss also incorporate forward-looking information.

## 5 FINANCIAL RISK MANAGEMENT (Continued)

### 5.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Trade receivables and contract assets (Continued)

As at 31 December 2018, the loss allowance was determined as follows for trade receivables and contract assets:

	Within 6 months	Between 6 months to 1 year	Between 1 year to 2 years	Between 2 years to 3 years	Over 3 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Expected loss rate	1%	2%	3%	6%	7%	1%
Gross carrying amount — trade receivables	1,272,137	894,529	349,763	27,903	19,074	2,563,406
Gross carrying amount — contract assets	2,417,785	-	-	-	-	2,417,785
Loss allowance — trade receivable and contract assets	29,548	15,256	10,743	1,674	1,335	58,556

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group. The Group made no written off for trade receivables and contract assets during the year ended 31 December 2018.

The loss allowance provision for trade receivables and contract assets as at 31 December 2017 reconciles to the opening loss allowance for that provision as follows:

	Trade receivables and contract assets
	RMB'000
Closing loss allowance as at 31 December 2017 (calculated under HKAS 39)	45,178
Amounts restated through opening retained earnings	-
Opening loss allowance as at 1 January 2018 (calculated under HKFRS 9)	45,178

## 5 FINANCIAL RISK MANAGEMENT (Continued)

### 5.1 Financial risk factors (Continued)

(b) *Credit risk (Continued)*

(iii) Other receivables

The Group uses three categories for other receivables which reflect their credit risk and how the loss provision is determined for each of those categories.

A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

<b>Category</b>	<b>Company definition of category</b>	<b>Basis for recognition of expected credit loss provision</b>
Stage one	Customers have a low risk of default and a strong capacity to meet contractual cash flows.	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.
Stage two	Receivables for which there is a significant increase in credit risk since initial recognition.	Lifetime expected losses.
Stage three	Receivables for which there is a credit loss since initial recognition.	Lifetime expected losses.

## 5 FINANCIAL RISK MANAGEMENT (Continued)

### 5.1 Financial risk factors (Continued)

(b) *Credit risk (Continued)*

(iii) Other receivables (Continued)

The Group accounts for its credit risk by appropriately providing for expected losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data.

Since credit risk has not significantly increased after initial recognition, the loss allowance recognised was therefore limited to 12 months expected losses.

As at 31 December 2018, the loss allowance was determined as follows for other receivables:

	<b>Entrusted loans to and amount due from third parties, joint ventures, associates and non-controlling interests</b>	<b>Other receivables from third parties excluding prepayments</b>	<b>Total</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
Carrying amount of other receivables	53,593,425	9,792,311	63,385,736
Expected credit loss rate	0.1%	0.3%	0.1%
Loss allowance	55,390	30,262	85,652
Other receivables, net	53,538,035	9,762,049	63,300,084

Other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group. The Group made no written off for other receivables during the year ended 31 December 2018.

## 5 FINANCIAL RISK MANAGEMENT (Continued)

### 5.1 Financial risk factors (Continued)

(b) *Credit risk (Continued)*

(iv) Financial guarantee

The Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate percentage of down payments. The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. If a purchaser defaults on the payment of its mortgage loan during the guarantee period, the bank holding the guarantee may demand the Group to repay the outstanding principal of the loan and any interest accrued thereon. Under such circumstances, the Group is able to forfeit the customer's deposit and resell the property to recover any amounts paid by the Group to the bank. In this regard, the directors consider that the Group's credit risk is significantly reduced.

The Group also provides guarantees to certain related parties of the Group to obtain borrowings after assessing the credit history of these related parties. The Group closely monitors the repayment progress of the relevant borrowings by these related parties. In the opinion of the directors of the Group, the related party transactions were carried out in the normal course of business and at terms mutually negotiated between the Group and the respective related parties. The directors consider that the likelihood of default in payments is minimal and the financial guarantees measured at fair value is immaterial.

(c) *Liquidity risk*

Cash flow forecasting is performed in the operating entities of the Group in and aggregated by Group Finance. Group Finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting process takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.

## 5 FINANCIAL RISK MANAGEMENT (Continued)

### 5.1 Financial risk factors (Continued)

(c) *Liquidity risk (continued)*

The table below analyses the Group's and the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amount disclosed in the table is the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2018					
Borrowings	19,815,080	16,160,629	50,664,482	15,791,756	102,431,947
Trade and other payables excluding statutory liabilities	57,464,653	–	167,531	–	57,632,184
	77,279,733	16,160,629	50,832,013	15,791,756	160,064,131
At 31 December 2017					
Borrowings	12,934,626	15,932,235	27,167,413	15,983,634	72,017,908
Trade and other payables excluding statutory liabilities	36,877,146	–	6,895	–	36,884,041
	49,811,772	15,932,235	27,174,308	15,983,634	108,901,949

The amounts have not included financial guarantee contracts:

- which the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee for loans procured by the purchasers of the Group's properties (Note 47(a)). Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties;
- which the Group make for its cooperation parties' bank borrowings (Note 47(b)). Such guarantees terminate upon the repayment of relevant bank borrowings.

Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement.

## 5 FINANCIAL RISK MANAGEMENT (Continued)

### 5.2 Capital risk management

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

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

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Total capital is calculated as "equity" as shown in the consolidated balance sheet plus net debt.

The gearing ratios at 31 December 2018 and 2017 were as follows.

	As at 31 December	
	2018 RMB'000	2017 RMB'000
Total borrowings (Note 33)	<b>88,575,079</b>	61,032,154
Less: cash and cash equivalents (Note 26)	<b>(39,208,481)</b>	(21,968,819)
Net debt	<b>49,366,598</b>	39,063,335
Total equity	<b>63,138,505</b>	58,728,228
Total capital	<b>112,505,103</b>	97,791,563
Gearing ratio	<b>44%</b>	40%

The increase in the gearing ratio during 2018 resulted primarily from the increase of total borrowings.

### 5.3 Fair value estimation

The table below analyses financial statements carried at fair value, by valuation method. The different levels have been defined as follows:

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

## 5 FINANCIAL RISK MANAGEMENT (Continued)

### 5.3 Fair value estimation (Continued)

The following table presents the Group's assets or liabilities that are measured at fair value at 31 December 2018 and 2017. See Note 12 for disclosures of the investment properties that are measured at fair value.

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2018				
<b>Assets</b>				
Financial assets at fair value through profit or loss (Note 18)	379,147	1,080,933	2,684,069	4,144,149
Financial assets at fair value through other comprehensive income (Note 17)	54,806	625,146	–	679,952
	433,953	1,706,079	2,684,069	4,824,101
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss (Note 37)	–	(146,939)	–	(146,939)
At 31 December 2017				
<b>Assets</b>				
Financial assets at fair value through profit or loss (Note 18)	256,972	(242,316)	–	14,656
Available-for-sale financial assets:				
— listed equity securities	166,267	–	–	166,267
— equity fund investments	–	1,130,643	1,395,826	2,526,469
— other unlisted equity securities	–	586,617	420,969	1,007,586
— others	–	–	8,656	8,656
	423,239	1,474,944	1,825,451	3,723,634



## 5 FINANCIAL RISK MANAGEMENT (Continued)

### 5.3 Fair value estimation (Continued)

There were no transfers between Level 1, Level 2 and Level 3 during the period.

During the period there were no significant changes in the business or economic circumstances that may affect the fair value of the Group's financial assets and financial liabilities.

(a) *Financial instruments in Level 1*

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily the listed United States and HKSE equity investments classified as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.

(b) *Financial instruments in Level 2*

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. Instruments included in Level 2 comprise primarily equity fund investments and other unlisted equity securities, for equity fund investments, the underlying portfolio invested by equity fund are all listed equity shares, the valuation of equity fund is determined based on the quoted market price of listed equity shares. The unlisted equity security is the convertible preferred shares issued by a listed company, comparison method was used for the valuation of convertible preferred shares, which is mainly based on the fair value of ordinary share of comparable companies.

(c) *Financial instruments in Level 3*

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no changes in valuation techniques during the year.

## 5 FINANCIAL RISK MANAGEMENT (Continued)

### 5.3 Fair value estimation (Continued)

(c) *Financial instruments in Level 3 (Continued)*

The following table presents the changes in Level 3 instruments for the year ended 31 December 2018

	<b>Financial asset at fair value through other comprehensive income and through profit or loss</b>
	RMB'000
<b>Financial assets in Level 3</b>	
Opening balance	1,825,451
Additions	496,911
Fair value gains	301,795
Capital return	(6,717)
Currency translation difference	70,831
Disposal	(4,202)
Closing balance	2,684,069

The following table presents the changes in Level 3 instruments for the year ended 31 December 2017.

	<b>Available-for-sale financial assets equity securities</b>
	RMB'000
<b>Financial assets in Level 3</b>	
Opening balance	1,932,504
Additions	192,240
Disposal of interest in a subsidiary	(299,293)
Closing balance	1,825,451

## 5 FINANCIAL RISK MANAGEMENT (Continued)

### 5.3 Fair value estimation (Continued)

(d) *Information about level 3 fair value measurements*

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurement of equity fund investment.

As at 31 December 2018 and 2017, the underlying portfolio invested by equity fund are all properties located in the United States and Hong Kong, the valuation of equity fund investment is determined based on the valuation of properties.

Description	Valuation technique	Significant unobservable inputs	Range/value	Relationship of unobservable inputs to fair value
Unlisted fund investments which principally invests in residential and commercial real estate	Market approach	Premium or discount for quality of properties (e.g. view, level, size and condition of the properties)	-10% to 10%	The higher discount rate, the lower fair value
Unlisted fund investments which invests in real estate project	Market approach	Premium or discount for quality of properties (e.g. location, view, size, condition and time of the properties)	-3% to 20%	The higher discount rate, the lower fair value

For the valuation of other unlisted equity securities, which are determined based on the recent transaction price and earnings multiples.

(e) *Valuation process*

The finance department of the Group includes a team that performs the valuations of level 3 financial instruments required for financial reporting purposes. The Group's finance department reviews the valuations performed by the independent valuers for financial reporting purposes and reports directly to the senior management. Discussions of valuation processes and results are held between the management and valuers after each valuation by the independent qualified valuers, which is normally done once every six months, in line with the Group's interim and annual reporting dates.

The components of the level 3 instruments mainly include investments in private investment funds and unlisted companies. As these instruments are not traded in an active market, their fair values have been determined using various applicable valuation techniques, including discounted cash flows and comparable transactions approaches. Major assumptions used in the valuation include historical financial results, assumptions about future growth rates, estimate of discount rate and recent market transactions etc. The fair values of these instruments determined by the Group requires significant judgement, including the financial performance of the investee company, market value of comparable properties as well as discount rate, etc.

## 6 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

### (a) Estimate of fair value of investment properties

The fair value of investment properties is determined by using valuation technique. Details of the judgment and assumptions have been disclosed in Note 12.

### (b) Income taxes and land appreciation tax ("LAT")

The Group is primarily subject to various PRC taxes, as it is principally engaged in property development in the PRC. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

The implementation and settlement of LAT varies among various tax jurisdictions in cities of the PRC. LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including land use rights, borrowing costs, business taxes, property development and other related expenditures. These taxes are incurred upon transfer of property ownership.

Significant judgment is required in determining the extent of land appreciation and its related taxes. The Group recognized LAT based on management's best estimates according to the understanding of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the consolidated income statement in the periods in which such taxes are finalized with local tax authorities.

### (c) Deferred income tax

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

### (d) Estimations for total properties construction cost

The Group estimates properties construction cost upon recognition of respective costs of sales. Such estimates are substantiated by detailed budgetary information as developed by the management, and will be assessed periodically, as the constructions progress. Should these estimates depart from their actual finalized costs, such differences would affect the accuracy of costs of sales recognized.

## **6 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)**

### **(e) Revenue recognition**

Revenue from sales of properties is recognised over the period when the Group's performance do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise, revenue is recognised at a point in time when the buyer obtains control of the completed property. The Group may not change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the customer and thus the property unit does not have an alternative use to the Group. However, whether there is an enforceable right to payment depends on the terms of sales contract and the interpretation of the applicable laws that apply to the contract. Such determination requires significant judgments. The Group has obtained legal counsel opinion regarding the enforceability of the right to payment for sales contracts. Management uses judgments, based on legal counsel opinion, to classify sales contracts into those with right to payment and those without the right.

The Group recognises property development revenue over the period by reference to the progress towards complete satisfaction of the performance obligation at the reporting date. The progress is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each property unit in the contract. The Group calculated the cost allocation based on type of properties, gross and saleable floor areas. Significant judgments and estimations are required in determining the completeness of the estimated total costs and the accuracy of progress towards complete satisfaction of the performance obligation at the reporting date. Changes in cost estimates in future periods can have effect on the Group's revenue recognised. In making the above estimations, the Group relies on past experience and work of contractors and, if appropriate, surveyors.

### **(f) Estimated impairment of assets**

The Group tests at least annually whether assets have suffered any impairment in accordance with the accounting policies stated in Note 3.10. Assets are also reviewed for impairment, whenever events or changes in circumstances that may cause the carrying amounts of the assets to exceed their recoverable amounts. The recoverable amount of an asset or a cash generating unit is determined as the higher of cash generating unit's fair value less cost to sell and its value-in-use which requires the use of assumptions and estimates. In 2018, based on such reviews the directors have determined that certain of Group's properties under development (Note 19) and completed properties held for sale (Note 23) were impaired, and relevant provision had been made.

### **(g) Impairment of financial assets**

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the tables in Note 5.

## 7 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating committee (the "Committee") that are used to make strategic decisions.

The Committee considers the business from both a geographic and product perspective. From the product perspective, management considers the performance of property development and property investment. Property development businesses are further segregated geographically.

Other operations as carried out by the Group mainly include property management services, property sales agency services, as well as upfitting services. These are not included within the reportable operating segments, as they are not included in the reports provided to the Committee. The results of these operations are included in the "All other segments" column.

The Committee assesses the performance of the operating segments based on a measure of operating profit. This measurement basis excludes the effects of non-recurring expenditure from the operating segments. Finance costs and corporate finance income are not included in the result for each operating segment that is reviewed by the Committee, as they are driven by activities of the central treasury function, which manages the cash position of the Group. The measure also excludes the effects of any unrealized gains/losses from investments in joint ventures and associates as well as fair value gains/losses from investment properties and corporate overheads. Other information provided to the Committee, except as noted below, is measured in a manner consistent with that in the financial statements.

Total segment assets exclude corporate cash and cash equivalents, investments in joint ventures and associates, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss and deferred income tax assets, all of which are managed on a central basis. Total segment liabilities exclude borrowings, deferred income tax liabilities and financial liabilities at fair value through profit or loss, all of which are managed on a central basis as well. These are part of the reconciliation to total balance sheet assets and liabilities.

Transactions between segments are carried out at arm's length. The revenue from external parties reported to the Committee is measured in a manner consistent with that in the consolidated income statement.

## 7 SEGMENT INFORMATION (Continued)

The segment information provided to the Committee for the reportable segments for the years ended 31 December 2018 and 2017 is as follows:

	Property development							Total
	Beijing-Tianjin-Hebei	Yangtze River Delta	Yangtze Mid-stream and Chengdu-Chongqing	Pearl River Delta	Others	Investment property	All other segments	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
<b>Year ended 31 December 2018</b>								
Total revenue	9,603,837	6,968,862	4,150,029	8,018,733	7,113,782	1,105,395	9,003,598	45,964,236
Inter-segment revenue	(81,416)	(218,170)	–	(53,424)	(9,561)	(28,805)	(4,150,761)	(4,542,137)
<b>Revenue (from external customers)</b>	<b>9,522,421</b>	<b>6,750,692</b>	<b>4,150,029</b>	<b>7,965,309</b>	<b>7,104,221</b>	<b>1,076,590</b>	<b>4,852,837</b>	<b>41,422,099</b>
<b>Segment operating profit</b>	<b>1,638,437</b>	<b>1,161,292</b>	<b>271,029</b>	<b>2,523,464</b>	<b>1,435,041</b>	<b>747,944</b>	<b>679,916</b>	<b>8,457,123</b>
Depreciation and amortization (Note 40)	(2,221)	(1,246)	(500)	(1,289)	(726)	(898)	(89,060)	(95,940)
<b>Year ended 31 December 2017</b>								
Total revenue	15,258,136	7,682,390	3,710,583	9,210,853	5,786,508	993,857	7,057,981	49,700,308
Inter-segment revenue	–	–	–	(70,777)	–	(16,765)	(3,775,297)	(3,862,839)
<b>Revenue (from external customers)</b>	<b>15,258,136</b>	<b>7,682,390</b>	<b>3,710,583</b>	<b>9,140,076</b>	<b>5,786,508</b>	<b>977,092</b>	<b>3,282,684</b>	<b>45,837,469</b>
<b>Segment operating profit</b>	<b>2,760,737</b>	<b>1,036,937</b>	<b>874,999</b>	<b>2,998,488</b>	<b>1,746,582</b>	<b>686,454</b>	<b>583,453</b>	<b>10,687,650</b>
Depreciation and amortization (Note 40)	(1,855)	(1,208)	(221)	(2,024)	(1,024)	(927)	(40,244)	(47,503)
<b>As at 31 December 2018</b>								
<b>Total segment assets</b>	<b>32,535,979</b>	<b>16,035,925</b>	<b>13,350,224</b>	<b>28,608,288</b>	<b>15,042,635</b>	<b>18,311,388</b>	<b>88,006,682</b>	<b>211,891,121</b>
Additions to non-current assets (other than financial instruments and deferred income tax assets)	56	2,842	1,614	1,371	4,291	4,806,533	2,027,106	6,843,813
<b>Total segment liabilities</b>	<b>22,233,398</b>	<b>7,320,687</b>	<b>6,733,471</b>	<b>15,732,406</b>	<b>10,041,201</b>	<b>1,324,583</b>	<b>31,434,901</b>	<b>94,820,647</b>
<b>As at 31 December 2017</b>								
<b>Total segment assets</b>	<b>30,562,286</b>	<b>11,170,819</b>	<b>6,416,658</b>	<b>17,098,815</b>	<b>11,959,220</b>	<b>20,879,733</b>	<b>67,910,239</b>	<b>165,997,770</b>
Additions to non-current assets (other than financial instruments and deferred income tax assets)	3,308	3,095	137	1,368	462	617,111	441,395	1,066,876
<b>Total segment liabilities</b>	<b>14,343,569</b>	<b>7,079,666</b>	<b>4,305,927</b>	<b>9,032,759</b>	<b>5,961,189</b>	<b>2,413,815</b>	<b>25,747,107</b>	<b>68,884,032</b>

## 7 SEGMENT INFORMATION (Continued)

A reconciliation of segment operating profit to profit before income tax is provided as follows:

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
Segment operating profit	<b>8,457,123</b>	10,687,650
Corporate finance income	<b>49,420</b>	114,734
Corporate overheads	<b>(613,121)</b>	(487,711)
Fair value gains on investment properties (Note 12)	<b>2,361,070</b>	440,199
Other gains — net (Note 39)	<b>1,339,960</b>	975,243
Finance costs (Note 42)	<b>(1,774,760)</b>	(1,173,885)
Share of results of joint ventures	<b>1,103,464</b>	802,213
Share of results of associates	<b>52,065</b>	63,967
<b>Profit before income tax</b>	<b>10,975,221</b>	11,422,410



## 7 SEGMENT INFORMATION (Continued)

Reportable and other segments' assets and liabilities are reconciled to total assets and liabilities as follows:

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
Total segment assets	<b>211,891,121</b>	165,997,770
Corporate cash and cash equivalents	<b>3,993,503</b>	1,910,583
Investments in joint ventures (Note 14)	<b>20,330,505</b>	14,720,119
Investments in associates (Note 15)	<b>7,177,355</b>	4,562,962
Financial assets at fair value through other comprehensive income (Note 17)	<b>679,952</b>	–
Available-for-sale financial assets	–	3,708,978
Financial assets at fair value through profit or loss (Note 18)	<b>4,144,149</b>	14,656
Deferred income tax assets (Note 34)	<b>1,145,474</b>	979,095
Total assets per consolidated balance sheet	<b>249,362,059</b>	191,894,163
Total segment liabilities	<b>94,820,647</b>	68,884,032
Current borrowings (Note 33)	<b>15,424,825</b>	9,999,137
Non-current borrowings (Note 33)	<b>73,150,254</b>	51,033,017
Deferred income tax liabilities (Note 34)	<b>2,680,889</b>	3,249,749
Financial liabilities at fair value through profit or loss (Note 37)	<b>146,939</b>	–
Total liabilities per consolidated balance sheet	<b>186,223,554</b>	133,165,935

For the year ended 31 December 2018, included in the revenue of sales of properties, RMB32,902,131,000 was recognised as a point in time, RMB2,590,541,000 was recognised over the period due to the adoption of HKFRS 15.

The Company is incorporated in Hong Kong, with most of its major subsidiaries domiciled in the PRC. Revenues from external customers of the Group are mainly derived in the PRC for the years ended 31 December 2018 and 2017.

As at 31 December 2018, total non-current assets other than financial instruments and deferred income tax assets located in the PRC is RMB45,638,734,000 (2017: RMB37,078,146,000), the total of these non-current assets located in Hong Kong is RMB410,635,000 (2017: RMB318,502,000) and in the United States is RMB1,279,178,000 (2017: RMB586,444,000).

For the year ended 31 December 2018 and 2017, the Group does not have any single customer with the transaction value over 10% of the total external sales.

## 8 PROPERTY, PLANT AND EQUIPMENT

	Buildings and leasehold improvements	Machinery	Vehicles	Office equipment	Electronic equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Year ended 31 December 2018</b>							
Opening net book amount	292,089	4,309	14,985	27,896	63,236	858,873	1,261,388
Additions	54,969	1,946	4,862	48,890	6,674	759,757	877,098
Acquisition of subsidiaries	-	344,461	882	183	503	118,845	464,874
Transfer	467,765	3,259	-	-	-	(471,024)	-
Transfer from Investment properties (Note 12)	46,639	-	-	-	-	-	46,639
Disposals	(5,642)	(76)	(1,262)	(757)	(1,360)	-	(9,097)
Depreciation charge (Note 40)	(16,961)	(20,332)	(4,670)	(20,058)	(14,644)	-	(76,665)
Disposal of interests in subsidiaries	(145,863)	(433)	(774)	(4,719)	(205)	-	(151,994)
Closing net book amount	692,996	333,134	14,023	51,435	54,204	1,266,451	2,412,243
<b>At 31 December 2018</b>							
Cost	793,406	414,791	62,914	127,049	120,607	1,266,451	2,785,218
Accumulated depreciation	(100,410)	(81,657)	(48,891)	(75,614)	(66,403)	-	(372,975)
Net book amount	692,996	333,134	14,023	51,435	54,204	1,266,451	2,412,243
<b>Year ended 31 December 2017</b>							
Opening net book amount	165,819	5,685	19,896	33,616	38,205	633,701	896,922
Additions	136,477	1,396	6,224	35,920	36,706	225,172	441,895
Acquisition of subsidiaries	-	-	720	558	285	-	1,563
Disposals	(5,598)	(2,362)	(4,069)	(19,611)	(2,416)	-	(34,056)
Depreciation charge (Note 40)	(4,609)	(410)	(7,752)	(22,587)	(9,544)	-	(44,902)
Disposal of interest in a subsidiary	-	-	(34)	-	-	-	(34)
Closing net book amount	292,089	4,309	14,985	27,896	63,236	858,873	1,261,388
<b>At 31 December 2017</b>							
Cost	379,468	7,159	61,793	103,542	133,122	858,873	1,543,957
Accumulated depreciation	(87,379)	(2,850)	(46,808)	(75,646)	(69,886)	-	(282,569)
Net book amount	292,089	4,309	14,985	27,896	63,236	858,873	1,261,388

## 8 PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation expense of RMB59,255,000 (2017: RMB22,541,000) has been charged in “cost of sales”, RMB17,410,000 (2017: RMB22,361,000) in “administrative expenses”.

Construction in progress as at 31 December 2018 and 2017 represents building and machinery being constructed and debugged in Shanghai, Beijing, Guangzhou, Wuhan, Dalian, Changzhou and Suzhou with intent use of senior housing or health care related services and operation of data centers.

As at 31 December 2018, Property, plant and equipments of the Group with carrying values of RMB67,971,000 (2017: nil), respectively, were pledged as collateral for the Group’s borrowings.

## 9 LAND USE RIGHTS

The Group’s interests in land use rights represent prepaid operating lease payments in the PRC which are held on leases of less than 50 years(including 50 years). The movements are as follows:

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
<b>At beginning of the year</b>	<b>59,535</b>	53,788
Addition	<b>179,676</b>	8,348
Amortization charge (Note 40)	<b>(3,417)</b>	(2,601)
<b>At end of the year</b>	<b>235,794</b>	59,535

As at 31 December 2018, Land use rights of the Group with carrying values of RMB5,245,000 (2017: nil), respectively, were pledged as collateral for the Group’s borrowings.

## 10 INTANGIBLE ASSETS

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
<b>At beginning of the year</b>	–	–
Addition	<b>29,468</b>	–
Acquisition of subsidiaries (Note 50)	<b>439,668</b>	–
Amortization charge (Note 40)	<b>(15,858)</b>	–
<b>At end of the year</b>	<b>453,278</b>	–

## 11 GOODWILL

	RMB'000
Year ended 31 December 2018	
Opening net book amount	<b>99,168</b>
Effects of the adoption of HKFRS 15	<b>(9,582)</b>
Acquisition of subsidiaries	<b>578,963</b>
Derecognition of goodwill (Note 40)	<b>(154,510)</b>
Closing net book amount	<b>514,039</b>
At 31 December 2018	
Cost	<b>639,566</b>
Impairment charge	<b>(125,527)</b>
Net book amount	<b>514,039</b>
Year ended 31 December 2017	
Opening net book amount	128,227
Acquisition of subsidiaries	6,750
Derecognition of goodwill (Note 40)	(35,809)
Closing net book amount	99,168
At 31 December 2017	
Cost	224,695
Impairment charge	(125,527)
Net book amount	99,168

Goodwill was generated from business combination and allocated to a cash generated unit or a group of cash generated units, from the acquisition date, that is expected to benefit from the synergies of the combination. Derecognition of goodwill allocated to a cash generated unit or a group of cash generated units was recognized due to disposal of the relevant properties.

## 11 GOODWILL (Continued)

Goodwill is allocated to the Group's cash generating units identified according to operating segment. An operating segment level summary of the goodwill allocation is presented below:

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
Property development (i)	111,104	99,168
Other (ii)	402,935	–
	514,039	99,168

- (i) Goodwill relating to property development arised from the acquisition of properties development companies, the impairment of such goodwill is considered together with the impairment of the inventories of the Group.
- (ii) Such goodwill mainly arised from two business combinations occurred in this year, please see Note 50(c) and Note 50(d) for further details.

The recoverable amount of goodwill is determined based on value-in-use calculations, these calculations use cash flow projections based on management's financial budgets covering periods of no more than 5 years. The Group expects cash flows beyond such periods will be similar to that of the respective final forecast years on existing scale.

Key assumptions applied in the impairment test include the expected growth in revenue and gross margin, operating costs, selling and administrative expenses and discount rates and so on. Management determined these key assumptions based on past performance and its expectation on market development. Management believes that any reasonably possible change in any of these key assumption on which recoverable amounts are based may cause carrying amounts of goodwill to exceed their recoverable amounts. The results of the tests undertaken as at 31 December 2018 indicated no impairment charge was necessary.

## 12 INVESTMENT PROPERTIES

	Completed investment properties  RMB'000	Investment properties under development  RMB'000	Total  RMB'000
<b>At fair value</b>			
<b>Year ended 31 December 2018</b>			
At beginning of the year	17,279,920	–	17,279,920
Additions	627,356	187,532	814,888
Acquisition of a subsidiary	–	122,169	122,169
Transfer from properties under development (Note 19)	–	3,041,522	3,041,522
Transfer from completed properties held for sale	874,450	–	874,450
Transfer to property, plant and equipment (Note 8)	(46,639)	–	(46,639)
Disposal of interests in subsidiaries (Note 49)	(8,311,000)	–	(8,311,000)
Disposal of an investment property	(8,666)	–	(8,666)
Currency translation differences	87,180	–	87,180
Fair value gains	558,592	1,802,478	2,361,070
Others	(9,561)	–	(9,561)
<b>At end of the year</b>	<b>11,051,632</b>	<b>5,153,701</b>	<b>16,205,333</b>
<b>Year ended 31 December 2017</b>			
At beginning of the year	14,042,128	2,250,000	16,292,128
Additions	287,275	327,795	615,070
Transfer from investment properties under development	2,577,795	(2,577,795)	–
Disposal of an investment property	(14,043)	–	(14,043)
Currency translation differences	(53,434)	–	(53,434)
Fair value gains	440,199	–	440,199
<b>At end of the year</b>	<b>17,279,920</b>	<b>–</b>	<b>17,279,920</b>

## 12 INVESTMENT PROPERTIES (Continued)

### (a) Amounts recognized in profit or loss for investment properties

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
Rental income (Note 7)	<b>1,076,590</b>	977,092
Direct operating expenses arising from investment properties that generate rental income	<b>(136,176)</b>	(120,090)
Direct operating expenses that did not generate rental income	<b>(69,456)</b>	(70,018)
	<b>870,958</b>	786,984

As at 31 December 2018, the Group had no unprovided contractual obligations for future repairs and maintenance (2017: nil).

## 12 INVESTMENT PROPERTIES (Continued)

### (b) Valuation basis

Fair value measurements using significant unobservable inputs

	31 December 2018										
	Completed investment properties						Investment properties under development				
	Beijing	Tianjin	Dalian	Hangzhou	Hong Kong	United States	Sub-total	Beijing	Tianjin	Wuhan	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Opening balance as at 1 January	12,239,440	1,114,000	460,000	2,565,000	315,036	586,444	17,279,920	-	-	-	17,279,920
Additions	1,672	-	-	-	34,992	590,692	627,356	-	123,857	63,675	814,888
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	122,169	-	122,169
Transfer from completed properties held for sale	-	596,084	-	278,366	-	-	874,450	-	-	-	874,450
Disposal of interests in subsidiaries (Note 49)	(7,197,000)	(1,114,000)	-	-	-	-	(8,311,000)	-	-	-	(8,311,000)
Transfer from properties under development (Note 19)	-	-	-	-	-	-	-	3,041,522	-	-	3,041,522
Transfer to property, plant and equipment (Note 8)	-	-	-	-	(46,639)	-	(46,639)	-	-	-	(46,639)
Disposal of an investment property	-	-	-	-	-	(8,666)	(8,666)	-	-	-	(8,666)
Currency translation differences	-	-	-	-	15,190	71,990	87,180	-	-	-	87,180
Net gains or losses from fair value adjustment	593,534	(234,484)	(6,113)	129,708	37,229	38,718	558,592	1,802,478	-	-	2,361,070
Others	-	(19,600)	6,113	3,926	-	-	(9,561)	-	-	-	(9,561)
Closing balance as at 31 December	5,637,646	342,000	460,000	2,977,000	355,808	1,279,178	11,051,632	4,844,000	246,026	63,675	16,205,333
Total gains or losses for the year ended 31 December 2018 included in profit or loss for assets held at the end of the year, under "Fair value gains on investment properties"	593,534	(234,484)	(6,113)	129,708	37,229	38,718	558,592	1,802,478	-	-	2,361,070
Change in unrealized gains or losses for the year ended 31 December 2018 included in profit or loss for assets held at the end of the year	593,534	(234,484)	(6,113)	129,708	37,229	38,718	558,592	1,802,478	-	-	2,361,070



## 12 INVESTMENT PROPERTIES (Continued)

### (b) Valuation basis (Continued)

31 December 2017									
	Completed investment properties						Investment properties under development		Total
	Beijing	Tianjin	Dalian	Hangzhou	Hong Kong	United States	Sub-total	Hangzhou	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Opening balance as at 1 January	11,831,296	1,113,000	460,000	–	314,152	323,680	14,042,128	2,250,000	16,292,128
Additions	–	–	–	–	–	287,275	287,275	327,795	615,070
Transfer from investment properties under development	–	–	–	2,577,795	–	–	2,577,795	(2,577,795)	–
Disposal of an investment property	–	–	–	–	(14,043)	–	(14,043)	–	(14,043)
Currency translation differences	–	–	–	–	(20,805)	(32,629)	(53,434)	–	(53,434)
Net gains or losses from fair value adjustment	408,144	1,000	–	(12,795)	35,732	8,118	440,199	–	440,199
Closing balance as at 31 December	12,239,440	1,114,000	460,000	2,565,000	315,036	586,444	17,279,920	–	17,279,920
Total gains or losses for the year ended 31 December 2017 included in profit or loss for assets held at the end of the year, under "Fair value gains on investment properties"	408,144	1,000	–	(12,795)	35,732	8,118	440,199	–	440,199
Change in unrealized gains or losses for the year ended 31 December 2017 included in profit or loss for assets held at the end of the year	408,144	1,000	–	(12,795)	35,732	8,118	440,199	–	440,199

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

## 12 INVESTMENT PROPERTIES (Continued)

### (b) Valuation basis (Continued)

#### *Valuation processes of the Group*

The Group measures its investment properties at fair value. The investment properties were mainly revalued by DTZ Cushman & Wakefield Limited, BMI Appraisals Limited and Colliers International, independent qualified valuers not related to the Group, who hold recognized relevant professional qualifications and have recent experiences in the location and segments of the investment properties valued, at 31 December 2018. For all investment properties, their current use equates to the highest and best use.

The Group's finance department reviews the valuations performed by the independent valuers for financial reporting purposes and reports directly to the senior management. Discussions of valuation processes and results are held between the management and valuers after each valuation by the independent qualified valuers, which is normally done once every six months, in line with the Group's interim and annual reporting dates.

At each financial year end the finance department:

- Verifies all major inputs to the independent valuation report;
- Assess property valuations movements when compared to the prior year valuation report;
- Holds discussions with the independent qualified valuers.

#### *Valuation techniques*

Fair values of completed commercial properties in Beijing, Tianjin, Dalian, Hangzhou, Hong Kong and the United States are generally derived using the income capitalization method. These valuation methods are based on the capitalization of the net income and reversionary income potential by adopting appropriate capitalization rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties.

Fair values of completed residential properties and commercial property in the United States is generally derived using the comparison approach by reference to recent sales price of comparable properties on a price per square feet basis, adjusted for a premium or a discount specific to the quality of the Group's building compared to the recent sales. Higher premium for higher quality buildings will results in a higher fair value measurement.

Fair value of under development commercial property in Beijing, is generally derived from residual method taking reference to comparison approach. Residual method is essentially a means of valuing the land by reference to its development potential by deducting development costs together with developer's profit margin and risk from the estimated capital value of the proposed development assuming completion as at the date of valuation. Under comparison method, comparable properties are selected and adjusted for differences in key attributes such as but not limited to locational factor and property size.

Fair value of under development logistics facilities in Wuhan and Tianjin is generally derived using the comparison approach by reference to recent sales price of comparable properties on a price per square feet basis, adjusted for a premium or a discount specific to the quality of the Group's building compared to the recent sales. Higher premium for higher quality buildings will results in a higher fair value measurement.

## 12 INVESTMENT PROPERTIES (Continued)

### (b) Valuation basis (Continued)

There were no changes to the valuation techniques during the year and there were no transfers between fair value hierarchy during the year.

*Significant unobservable inputs used to determine fair value*

- Completed investment properties

Description	Fair value at 31 December 2018 (RMB'000)	Valuation technique(s)	Range of significant unobservable inputs		Premium or discount for quality of properties (%)
			Prevailing market rents	Capitalization rates (%)	
Completed investment properties — Beijing	5,637,646	Income capitalization	RMB31 to RMB555 per month per square meter	6.25 to 7.00	N/A
Completed investment properties — Tianjin	342,000	Income capitalization	RMB61 to RMB325 per month per square meter	3.50 to 7.00	N/A
Completed investment properties — Dalian	460,000	Income capitalization	RMB67 to RMB111 per month per square meter	4.50 to 6.00	N/A
Completed investment properties — Hangzhou	2,977,000	Income capitalization	RMB87 to RMB538 per month per square meter	3.50 to 7.00	N/A
Completed investment properties — Hong Kong	355,808	Income capitalization	HKD19 to HKD63 per month per square feet	2.30 to 3.00	N/A
Completed investment properties — United States	347,634	Income capitalization	USD5 per month per square feet	6.75	N/A
Completed investment properties — United States	931,544	Comparison approach	N/A	N/A	-20.00 to 16.00

- Investment properties under development

Description	Fair value at 31 December 2018 (RMB'000)	Valuation technique(s)	Range of significant unobservable inputs				Premium or discount for quality of properties (%)
			Prevailing market rents	Capitalization rates (%)	Estimated price	Cost to completion	
Investment properties under development — Beijing	4,844,000	Residual method taking reference to comparison approach	RMB441 to RMB735 per month per square meter	4.50 to 6.50	RMB11,186 to RMB75,346 per square meter	RMB14,992 per square meter	N/A
Investment properties under development — Tianjin	246,026	Comparison approach	N/A	N/A	RMB75 to RMB3,033 per square meter	N/A	-2.00 to 19.00
Investment properties under development — Wuhan	63,675	Comparison approach	N/A	N/A	RMB361 to RMB1,318 per square meter	N/A	0.00 to 10.00

## 12 INVESTMENT PROPERTIES (Continued)

### (b) Valuation basis (Continued)

Significant unobservable inputs used to determine fair value (Continued)

Description	Fair value at 31 December 2017 (RMB'000)	Valuation technique(s)	Range of significant unobservable inputs		Premium or discount for quality of properties (%)
			Prevailing market rents	Capitalization rates (%)	
Completed investment properties — Beijing	12,239,440	Income capitalization	RMB25 to RMB561 per month per square meter	5.25 to 7.00	N/A
Completed investment properties — Tianjin	1,114,000	Income capitalization	RMB65 to RMB264 per month per square meter	6.00 to 7.00	N/A
Completed investment properties — Dalian	460,000	Income capitalization	RMB70 to RMB117 per month per square meter	4.50 to 6.00	N/A
Completed investment properties — Hangzhou	2,565,000	Income capitalization	RMB77 to RMB513 per month per square meter	3.50 to 7.00	N/A
Completed investment properties — Hong Kong	315,036	Income capitalization	HKD51 to HKD60 per month per square feet	2.80 to 3.30	N/A
Completed investment properties — United States	298,612	Income capitalization	USD5 per month per square feet	7.00	N/A
Completed investment properties — United States	287,832	Comparison approach	N/A	N/A	-20.00 to 10.00

Prevailing market rents are estimated based on valuers' view of recent lettings, within the subject properties and other comparable properties. The lower the rents, the lower the fair value.

Capitalization rates are estimated by valuers based on the risk profile of the properties being valued. The higher the rates, the lower the fair value.

Premium or discount for quality of properties are estimated by valuers based on quality of properties, such as location, size, view, level and condition of the properties.

### (c) Non-current assets pledged as security

As at 31 December 2018 and 2017, investment properties of the Group with carrying values of RMB3,438,577,000 and RMB12,670,612,000, respectively, were pledged as collateral for the Group's borrowings.

As at 31 December 2018 and 2017, investment properties of the Group with carrying values of RMB2,565,000,000 and RMB2,565,000,000, respectively, were pledged as collateral for the Group's capital instrument.

## 13 SUBSIDIARIES

The following is a list of the subsidiaries as at 31 December 2018 which, in the opinion of the directors, materially affect the results or assets of the Group:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued/paid in capital (In thousand)	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
				2018	2017	2018	2017
(1) Sino-Ocean Holding Group (China) Limited 遠洋控股集團(中國)有限公司	PRC, Limited liability company	Property development in PRC	RMB7,064,870	100%	100%	-	-
(2) 遠洋國際建設有限公司	PRC, Limited liability company	Renovation service in PRC	RMB600,000	100%	100%	-	-
(3) 北京遠盛置業有限公司	PRC, Limited liability company	Property development in PRC	RMB100,000	100%	100%	-	-
(4) Beijing Yuankun Real Estate Development Company, Limited 北京遠坤房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB500,000	100%	100%	-	-
(5) 北京萬洋世紀創業投資管理有限公司	PRC, Limited liability company	Consultant service in PRC	RMB341,000	100%	100%	-	-
(6) 北京碧城創業投資管理有限公司	PRC, Limited liability company	Consultant service in PRC	RMB336,000	100%	100%	-	-
(7) Beijing Yuanqian Property Co., Ltd. 北京遠乾置業有限公司	PRC, Limited liability company	Investment holdings in PRC	RMB300,000	100%	100%	-	-
(8) Beijing Yuan Yang Building Co., Ltd. 北京遠洋大廈有限公司	PRC, Limited liability company	Investment property in PRC	USD30,000	72%	72%	28%	28%
(9) Beijing Wuhe Real Estate Development Company, Limited 北京五河房地產開發有限公司	PRC, Limited liability company	Land development in PRC	RMB100,000	75%	75%	25%	25%
(10) Beijing De Jun Land Development Company Limited 北京德俊置業有限公司	PRC, Limited liability company	Property development in PRC	RMB90,000	100%	100%	-	-
(11) Beijing Dong Long Real Estate Development Co., Ltd. ("Beijing Donglong") 北京東隆房地產開發有限公司	PRC, Limited liability company	Property development in PRC	USD12,370	85.72%	85.72%	14.28%	14.28%
(12) Beijing Jin He Wan Sheng Real Estate Development Company Limited 北京金和萬盛房地產開發有限公司	PRC, Limited liability company	Land development in PRC	RMB75,000	100%	100%	-	-
(13) Beijing Yuan Hao Land Development Company, Limited 北京遠豪置業有限公司	PRC, Limited liability company	Property development in PRC	RMB60,000	100%	100%	-	-
(14) Beijing Yuan He Real Estate Development Company Limited 北京遠河房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB30,000	100%	100%	-	-

### 13 SUBSIDIARIES (Continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued/paid in capital (In thousand)	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
				2018	2017	2018	2017
(15) Beijing Tianlin Real Estate Development Company, Limited 北京市天麟房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB30,000	100%	100%	-	-
(16) 北京遠東新地置業有限公司	PRC, Limited liability company	Property development in PRC	RMB30,000	100%	100%	-	-
(17) Beijing Yin Gang Real Estate Development Company Limited 北京銀港房地產開發有限公司	PRC, Limited liability company	Investment holdings in PRC	RMB10,000	100%	100%	-	-
(18) Beijing Yuan-lian Real Estate Development Company, Limited 北京遠聯置業房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB10,000	100%	100%	-	-
(19) Tianjin Pulida Real Estate Construction and Development Company Limited 天津普利達房地產建設開發有限公司	PRC, Limited liability company	Property development in PRC	RMB420,000	100%	100%	-	-
(20) Sino-Ocean Real Estate (Tianjin) Co., Ltd. 遠洋地產(天津)有限公司	PRC, Limited liability company	Investment holding in PRC	RMB170,000	100%	100%	-	-
(21) 天津宇華房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB100,000	100%	100%	-	-
(22) Tianjin Yuanying Real Estate Development Company, Limited 天津市遠贏置業有限公司	PRC, Limited liability company	Property development in PRC	RMB30,000	100%	100%	-	-
(23) 大連新悅置業有限公司	PRC, Limited liability company	Property development in PRC	USD241,000	100%	100%	-	-
(24) 大連匯洋置業有限公司	PRC, Limited liability company	Property development in PRC	USD66,122	100%	100%	-	-
(25) 大連廣宇置業有限公司	PRC, Limited liability company	Property development in PRC	USD363,200	100%	100%	-	-
(26) 大連世甲置業有限公司	PRC, Limited liability company	Property development in PRC	USD167,850	100%	100%	-	-
(27) Dalian Sunny-Ocean Property Limited 大連明遠置業有限公司	PRC, Limited liability company	Property development in PRC	USD80,000	100%	100%	-	-
(28) 大連永圖置業有限公司	PRC, Wholly foreign owned enterprise	Property development in PRC	USD119,500	100%	100%	-	-
(29) Dalian Sky-Upright Property Limited 大連正乾置業有限公司	PRC, Sino-foreign equity joint venture	Property development in PRC	USD76,860	100%	100%	-	-
(30) 大連至遠置業有限公司	PRC, Wholly foreign owned enterprise	Property development in PRC	USD69,754	100%	100%	-	-

### 13 SUBSIDIARIES (Continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued/paid in capital (In thousand)	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
				2018	2017	2018	2017
(31) 大連源豐置業有限公司	PRC, Sino-foreign equity joint venture	Property development in PRC	USD50,700	100%	100%	-	-
(32) 大連遠佳產業園開發有限公司	PRC, Wholly foreign owned enterprise	Property development in PRC	USD35,000	100%	100%	-	-
(33) Dalian Kaimeng Real Estate Co., Ltd. 大連凱盟房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB150,000	100%	100%	-	-
(34) 大連通遠房地產開發有限公司	PRC, Limited liability company	Land development in PRC	RMB8,000	100%	100%	-	-
(35) 遠洋地產(遼寧)有限公司	PRC, Limited liability company	Property development in PRC	RMB20,000	100%	100%	-	-
(36) 長春東方聯合置業有限公司	PRC, Limited liability company	Property development in PRC	RMB200,000	100%	100%	-	-
(37) 青島遠豪置業有限公司	PRC, Limited liability company	Property development in PRC	RMB150,000	100%	100%	-	-
(38) Hangzhou Tianqi Property Development Company, Limited 杭州遠洋天祺置業有限公司	PRC, Sino-foreign equity joint venture	Property development in PRC	USD147,760	100%	100%	-	-
(39) 杭州遠洋運河商務區開發有限公司	PRC, Sino-foreign equity joint venture	Property development in PRC	USD143,210	100%	100%	-	-
(40) 杭州遠洋新河酒店置業有限公司	PRC, Sino-foreign equity joint venture	Property development in PRC	USD132,590	100%	100%	-	-
(41) 遠洋地產(上海)有限公司	PRC, Limited liability company	Property development in PRC	RMB20,000	100%	100%	-	-
(42) 上海遠望置業有限公司	PRC, Limited liability company	Property development in PRC	RMB20,000	100%	100%	-	-
(43) 大連鑫融置業有限公司	PRC, Limited liability company	Property development in PRC	USD120,000	100%	100%	-	-
(44) 遠洋地產(中山)開發有限公司	PRC, Sino-foreign equity joint venture	Property development in PRC	RMB720,000	100%	100%	-	-
(45) 中山市遠見房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB30,000	100%	100%	-	-

## 13 SUBSIDIARIES (Continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued/paid in capital (In thousand)	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
				2018	2017	2018	2017
(46) 天基房地產開發(深圳)有限公司	PRC, Limited liability company	Property development in PRC	HKD160,000	84.70%	84.70%	15.30%	15.30%
(47) 三亞南國奧林匹克花園有限公司	PRC, Limited liability company	Property development in PRC	RMB64,100	100%	100%	-	-
(48) 海南浙江椰香村建設開發有限公司	PRC, Limited liability company	Property development in PRC	RMB15,000	100%	100%	-	-
(49) 武漢弘福置業有限公司	PRC, Limited liability company	Property development in PRC	RMB45,000	100%	100%	-	-
(50) 北京天江通睿置業有限公司	PRC, Limited liability company	Investment property in PRC	RMB4,123,112	100%	100%	-	-
(51) 天津遠頤房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB50,000	100%	100%	-	-
(52) 北京遠旭股權投資基金管理有限公司	PRC, Limited liability company	Investment management in PRC	RMB110,000	100%	100%	-	-
(53) 大連利遠置業有限公司	PRC, Limited liability company	Property development in PRC	USD143,410	100%	100%	-	-
(54) 中山市遠恆房地產開發有限公司 ("Zhongshan Yuanheng")	PRC, Limited liability company	Property development in PRC	RMB4,050,000	51%	51%	49%	49%
(55) 遠洋養老運營管理有限公司	PRC, Limited liability company	Senior housing service in PRC	RMB100,000	100%	100%	-	-
(56) Tianjin Yuan-bin Real Estate Development Company, Limited 天津市遠濱房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB600,000	100%	100%	-	-
(57) 大連宏宇置業有限公司	PRC, Limited liability company	Property development in PRC	RMB50,000	100%	100%	-	-
(58) 北京遠山置業有限公司	PRC, Limited liability company	Property development in PRC	RMB50,000	100%	100%	-	-
(59) 中山市博信房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB30,000	51%	51%	49%	49%
(60) 盈創再生資源有限公司	PRC, Limited liability company	Environmental technology in PRC	RMB361,670	96.19%	92.53%	3.81%	7.47%



### 13 SUBSIDIARIES (Continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued/paid in capital (In thousand)	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
				2018	2017	2018	2017
(61) 青島遠洋華歐置業有限公司	PRC, Limited liability company	Property development in PRC	RMB10,000	100%	100%	-	-
(62) 悅軒(天津)置業投資有限公司	PRC, Limited liability company	Property development in PRC	RMB350,000	100%	100%	-	-
(63) 上海銳盈置業有限公司	PRC, Limited liability company	Property development in PRC	RMB145,000	100%	100%	-	-
(64) 深圳市樂安房地產有限公司	PRC, Limited liability company	Property development in PRC	RMB50,000	100%	85%	-	15%
(65) 杭州雨潤華府房地產有限公司	PRC, Limited liability company	Property development in PRC	RMB50,000	100%	100%	-	-
(66) 杭州遠鼎盛安置業有限公司	PRC, Limited liability company	Property development in PRC	RMB444,140	51%	51%	49%	49%
(67) 北京遠新資產管理有限公司	PRC, Limited liability company	Investment property in PRC	RMB20,000	100%	100%	-	-
(68) 北京遠捷投資顧問有限公司	PRC, Limited liability company	Investment management in PRC	RMB10,000	100%	100%	-	-
(69) 北京遠琅投資顧問有限公司	PRC, Limited liability company	Investment management in PRC	RMB10,000	100%	100%	-	-
(70) 中山市彩虹投資管理有限公司	PRC, Limited liability company	Investment management in PRC	RMB28,000	100%	100%	-	-
(71) 北京市佳利華經濟開發有限責任公司	PRC, Limited liability company	Senior housing service in PRC	RMB30,000	100%	100%	-	-
(72) 遠洋健康醫療投資管理(北京)有限公司	PRC, Limited liability company	Health & medical service in PRC	RMB10,000	65%	65%	35%	35%
(73) Ocean Homeplus Property Service Corporation Limited 遠洋億家物業服務股份有限公司	PRC, Limited liability company	Property Management in PRC	RMB104,000	100%	100%	-	-
(74) 上海遠匯置業有限公司	PRC, Limited liability company	Property development in PRC	RMB2,200,000	100%	100%	-	-

### 13 SUBSIDIARIES (Continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued/paid in capital (In thousand)	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
				2018	2017	2018	2017
(75) 深圳市金楓房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB50,000	60%	60%	40%	40%
(76) 深圳市高誠達投資發展有限公司	PRC, Limited liability company	Property development in PRC	RMB50,000	80%	80%	20%	20%
(77) 三亞德商房地產開發有限公司	PRC, Limited liability company	Property development in PRC	USD30,000	100%	98.27%	-	1.73%
(78) 北京信馳置業有限公司	PRC, Limited liability company	Property development in PRC	RMB10,000	100%	100%	-	-
(79) 南京金遠置業有限公司	PRC, Limited liability company	Property development in PRC	RMB33,330	70%	70%	30%	30%
(80) 杭州宸遠招盛置業有限公司 ("Hangzhou Chenyuan")	PRC, Limited liability company	Property development in PRC	RMB100,000	50%	50%	50%	50%
(81) 上海椿萱茂養老服務有限公司	PRC, Limited liability company	Senior housing service in PRC	RMB10,000	100%	100%	-	-
(82) 安徽遠順投資管理有限公司	PRC, Limited liability company	Investment management in PRC	RMB10,000	100%	100%	-	-
(83) 湖北福星惠譽常青置業有限公司	PRC, Limited liability company	Property development in PRC	RMB10,000	61%	61%	39%	39%
(84) 北京遠創置業有限公司	PRC, Limited liability company	Property development in PRC	RMB300,000	75%	75%	25%	25%
(85) 杭州宜品房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB170,000	100%	100%	-	-
(86) 北京邦拾公寓管理有限公司	PRC, Limited liability company	Apartment service in PRC	RMB10,000	100%	100%	-	-
(87) 北京遠奧置業有限公司	PRC, Limited liability company	Property development in PRC	RMB50,000	100%	100%	-	-
(88) 天津濱海房地產經營有限公司	PRC, Limited liability company	Property development in PRC	RMB100,000	60%	60%	40%	40%

### 13 SUBSIDIARIES (Continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued/paid in capital (In thousand)	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
				2018	2017	2018	2017
(89) 遠馳資本管理有限公司	PRC, Limited liability company	Investment management in PRC	RMB200,000	100%	100%	-	-
(90) 布泉資產管理有限公司	PRC, Limited liability company	Investment management in PRC	RMB100,000	100%	100%	-	-
(91) 遠馳投資有限公司	PRC, Limited liability company	Investment management in PRC	RMB100,000	100%	100%	-	-
(92) 遠明投資管理有限公司	PRC, Limited liability company	Investment management in PRC	RMB100,000	100%	100%	-	-
(93) 秦皇島市海洋置業房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB100,000	100%	100%	-	-
(94) 遠洋地產鎮江有限公司	PRC, Limited liability company	Property development in PRC	RMB500,000	55%	55%	45%	45%
(95) 沈陽銀基新世紀置業有限公司	PRC, Limited liability company	Property development in PRC	RMB15,000	100%	100%	-	-
(96) 廣州市遠翔房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB1,800,000	100%	100%	-	-
(97) 青島遠佳置業有限公司	PRC, Limited liability company	Property development in PRC	RMB666,670	100%	100%	-	-
(98) 北京雲泰數通互聯網科技有限公司	PRC, Limited liability company	Operation of data centers in PRC	RMB200,600	100%	-	-	-
(99) 北京盈創再生資源回收有限公司	PRC, Limited liability company	Environmental technology in PRC	RMB40,305	51%	-	49%	-
(100) 北京中集車輛物流裝備有限公司	PRC, Limited liability company	Property development in PRC	RMB20,000	100%	-	-	-
(101) 長沙相成物業管理有限公司	PRC, Limited liability company	Property Management in PRC	RMB5,000	60%	-	40%	-
(102) 青島聯泰物業服務有限公司	PRC, Limited liability company	Property Management in PRC	RMB5,000	80%	-	20%	-

### 13 SUBSIDIARIES (Continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued/paid in capital (In thousand)	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
				2018	2017	2018	2017
(103) 成都恒茂置地有限公司	PRC, Limited liability company	Property development in PRC	RMB50,000	51%	-	49%	-
(104) 溧陽宏景房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB300,000	40%	-	60%	-
(105) 中山市遠晟房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB20,000	45%	-	55%	-
(106) 台州環侖置業有限公司	PRC, Limited liability company	Property development in PRC	RMB20,000	40%	-	60%	-
(107) 河北遠坤房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB10,000	100%	-	-	-
(108) 南京遠乾置業有限公司	PRC, Limited liability company	Property development in PRC	RMB20,000	100%	-	-	-
(109) 西安遠洋中央公園置業有限責任公司	PRC, Limited liability company	Property development in PRC	USD8,000	100%	-	-	-
(110) 天津城投濱海房地產經營有限公司	PRC, Limited liability company	Property development in PRC	RMB200,000	64%	-	36%	-
(111) 中山市遠昇房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB20,400	75%	-	25%	-
(112) 重慶遠香房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB32,108	50%	-	50%	-
(113) 重慶遠基房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB667,000	50%	-	50%	-
(114) 北京商務中心區開發建設有限責任公司	PRC, Limited liability company	Land development in PRC	RMB680,850	47%	-	53%	-
(115) 大連宏澤置業有限公司	PRC, Limited liability company	Property development in PRC	USD15,000	100%	-	-	-
(116) Sino-Ocean Land (Hong Kong) Limited 遠洋地產(香港)有限公司	Hong Kong, Limited Company	Investment holding in Hong Kong	HKD10	100%	100%	-	-
(117) Gemini Investments (Holdings) Limited 盛洋投資(控股)有限公司	Hong Kong, HK Listed Company	Investment holding in Hong Kong	HKD22,550	69.23%	69.29%	30.77%	30.71%

### 13 SUBSIDIARIES (Continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued/paid in capital (In thousand)	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
				2018	2017	2018	2017
(118) Sino-Ocean Land Capital Investment Limited 遠洋地產資本投資有限公司	BVI, Limited Company	Investment holding in BVI	USD50	100%	100%	-	-
(119) Shine Wind Development Limited 耀勝發展有限公司	BVI, Limited Company	Investment holding in BVI	USD10	100%	100%	-	-
(120) Mission Success Limited 穎博有限公司	Hong Kong, Limited Company	Investment holding in Hong Kong	HKD-	100%	100%	-	-
(121) Dynamic Class Limited 昇能有限公司	Hong Kong, Limited Company	Investment holding in Hong Kong	HKD-	100%	100%	-	-
(122) Mega Precise Profits Limited	BVI, Limited Company	Investment holding in BVI	USD-	100%	100%	-	-
(123) Smart State Properties Limited	BVI, Limited Company	Investment holding in BVI	USD-	100%	100%	-	-
(124) Faith Ocean International Limited 信洋國際有限公司	BVI, Limited Company	Investment holding in BVI	USD-	100%	100%	-	-
(125) World Luck Corporation Limited 寰福有限公司	Hong Kong, Limited Company	Investment holding in Hong Kong	HKD-	100%	100%	-	-
(126) Fame Gain Holdings Limited 名得控股有限公司	BVI Limited Company	Investment holding in BVI	USD-	100%	100%	-	-
(127) Sino-Ocean Land Property Development Limited 遠洋地產國際發展有限公司	Hong Kong, Limited Company	Investment holding in Hong Kong	HKD20	100%	100%	-	-
(128) Fast Fame Capital Investment Limited 迅榮創富有限公司	Hong Kong, Limited Company	Investment holding in Hong Kong	HKD-	100%	100%	-	-
(129) Steed Wind Limited 驥風有限公司	Hong Kong, Limited Company	Investment holding in Hong Kong	HKD-	50%	-	-	-
(130) Max Star Ent. Ltd 盛星企業有限公司	Hong Kong, Limited Company	Investment holding in Hong Kong	RMB667,010	50%	-	-	-
(131) Glory Soar Limited 軒騰有限公司	Hong Kong, Limited Company	Investment holding in Hong Kong	HKD-	50%	-	-	-

## 13 SUBSIDIARIES (Continued)

### (a) Material non-controlling interests

The total non-controlling interest as at 31 December 2018 is RMB14,753,699,000 which mainly consists of non-controlling interest of RMB395,159,000 and non-controlling interest of RMB2,017,295,000 deriving from Hangzhou Chenyuan and Zhongshan Yuanheng, being 50% and 51% owned subsidiaries, respectively. The non-controlling interest in respect of other subsidiaries is not material.

Cash and short-term deposits held by Hangzhou Chenyuan and Zhongshan Yuanheng amounted to RMB215,938,000 in aggregate are held in China and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

Set out below are the summarized financial information for each subsidiary that has non-controlling interests that are material to the Group.

#### Summarized balance sheet

	Hangzhou Chenyuan		Zhongshan Yuanheng	
	2018	2017	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Current				
Assets	<b>1,806,140</b>	3,162,986	<b>4,096,453</b>	767,374
Liabilities	<b>(1,149,729)</b>	(2,790,073)	<b>(383,869)</b>	(615,017)
Total current net assets	<b>656,411</b>	372,913	<b>3,712,584</b>	152,357
Non-current				
Assets	<b>133,906</b>	157,991	<b>404,344</b>	90,457
Liabilities	–	(335,530)	–	(52,249)
Total non-current net assets	<b>133,906</b>	(177,539)	<b>404,344</b>	38,208
Net assets	<b>790,317</b>	195,374	<b>4,116,928</b>	190,565
Accumulated non-controlling Interest	<b>395,159</b>	97,687	<b>2,017,295</b>	93,377

## 13 SUBSIDIARIES (Continued)

### Summarized income statement

	Hangzhou Chenyuan		Zhongshan Yuanheng	
	2018	2017	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	<b>2,634,496</b>	455,625	<b>819,900</b>	937,210
Profit before income tax	<b>963,813</b>	157,409	<b>324,793</b>	273,223
Income tax expense	<b>(368,870)</b>	(61,847)	<b>(133,453)</b>	(124,141)
Post-tax profit	<b>594,943</b>	95,562	<b>191,340</b>	149,082
Total comprehensive income	<b>594,943</b>	95,562	<b>191,340</b>	149,082
Total comprehensive income allocated to non- controlling Interests	<b>297,472</b>	47,781	<b>93,757</b>	73,050

### Summarized cash flows

	Hangzhou Chenyuan		Zhongshan Yuanheng	
	2018	2017	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from operating activities				
Cash generated from operations	<b>(1,244,873)</b>	1,650,865	<b>(3,507,382)</b>	338,867
Interest paid	<b>(10,255)</b>	(5,957)	<b>(267,137)</b>	(18,936)
Income tax paid	<b>(12,820)</b>	(142,958)	–	(39,583)
Net cash (used in)/generated from operating activities	<b>(1,267,948)</b>	1,501,950	<b>(3,774,519)</b>	280,348
Net cash used in from investing activities	–	(49)	<b>(267,853)</b>	(67,091)
Net cash (used in)/generated from financing activities	<b>(10,255)</b>	(70,000)	<b>3,950,000</b>	(254,791)
Net (decrease)/increase in cash and cash equivalents	<b>(1,278,203)</b>	1,431,901	<b>(92,372)</b>	(41,534)
Cash and cash equivalents at beginning of the year	<b>1,488,530</b>	56,629	<b>97,983</b>	139,517
Cash and cash equivalents at end of the year	<b>210,327</b>	1,488,530	<b>5,611</b>	97,983

The information above is the amount before inter-company eliminations.

## 14 INVESTMENTS IN JOINT VENTURES

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
At beginning of the year	14,720,119	10,859,178
Effects of the adoption of HKFRS 15	1,503	–
Capital injection	6,047,711	4,295,758
Dividend	(490,773)	(254,473)
Disposal	(436)	(784,171)
Deemed disposal of joint ventures	–	(483,832)
Increase due to disposal of interest in a subsidiary (Note 49(b))	361,542	57,000
Share of results of joint ventures		
— after adjustment for unrealized profit or loss from inter-company transactions between the Group and the joint ventures	1,030,107	759,125
Share of other equity movement of equity accounted Investee (i)	(1,463,874)	465,146
Currency translation difference	124,606	(193,612)
At end of the year	20,330,505	14,720,119

(i) This represents the share of the changes in other comprehensive income of the joint venture of the Group.



## 14 INVESTMENTS IN JOINT VENTURES (Continued)

(a) Following are the details of all of the joint ventures held directly by the Group as at 31 December 2018, all of which are unlisted:

Name	Country of incorporation and operation	Legal status	Issued/paid in capital (In thousand)	Effective interest held as at 31 December 2018	Effective interest held as at 31 December 2017	Nature of relationship	Principal activities
(1) Beijing Linlian Property Company Limited 北京麟聯置業有限公司	PRC	Limited liability Company	RMB400,000	50%	50%	(iii)	Land and property development
(2) Chengdu Qianhao Real Estate Company Limited 成都乾豪置業有限公司	PRC	Limited liability Company	RMB635,267	50%	50%	(iii)	Land and property development
(3) Chengdu Yingang Real Estate Company Limited 成都銀港置業有限公司	PRC	Limited liability Company	RMB8,000	50%	50%	(iii)	Land and property development
(4) 北京椿萱茂凱健養老服務有限公司	PRC	Limited liability Company	RMB20,000	50%	50%	(v)	Senior housing service
(5) 北京遠騰置業有限公司	PRC	Limited liability Company	RMB1,820,000	50%	50%	(iii)	Land and property development
(6) 深圳市遠盛業投資有限公司	PRC	Limited liability Company	RMB200,000	55%	55%	(i), (iv)	Investment management
(7) 北京遠洋新光商業管理有限公司	PRC	Limited liability Company	RMB5,000	50%	50%	(iv)	Investment management
(8) 北京遠新房地產開發有限公司	PRC	Limited liability Company	RMB100,000	50%	50%	(iii)	Land and property development
(9) 北京遠洋新揚子資產管理有限公司	PRC	Limited liability Company	RMB2,000	50%	50%	(iv)	Investment management
(10) 鴻基偉業(北京)房地產開發有限公司	PRC	Limited liability Company	RMB20,000	50%	50%	(iii)	Land and property development
(11) 北京房地鑫洋房地產開發有限公司	PRC	Limited liability Company	RMB30,000	30%	30%	(ii), (iii)	Land and property development
(12) Tianjin Yijiahe Real Estate Company Limited ("Tianjin Yijiahe") 天津市億嘉合置業有限公司	PRC	Limited liability Company	RMB80,000	51%	51%	(i), (iii)	Land and property development
(13) 南京綠洋置業有限公司	PRC	Limited liability Company	RMB20,000	50%	50%	(iii)	Land and property development
(14) Gemini-Rosemont Realty LLC	USA	Limited liability Company	USD68,360	45%	45%	(ii), (iii)	Land and property development
(15) SOL Investment Fund LP	Cayman Islands	Limited Liability partnership	HKD2,679,000	50%	50%	(iv)	Investment management
(16) 香河萬潤新元房地產開發有限公司	PRC	Limited liability Company	RMB85,000	20%	20%	(ii), (iii)	Land and property development
(17) 北京穎暉置業有限公司	PRC	Limited liability Company	RMB100,000	50%	50%	(iii)	Land and property development

## 14 INVESTMENTS IN JOINT VENTURES (Continued)

(a) Following are the details of all of the joint ventures held directly by the Group as at 31 December 2018, all of which are unlisted: (Continued)

Name	Country of incorporation and operation	Legal status	Issued/paid in capital (In thousand)	Effective interest held as at 31 December 2018	Effective interest held as at 31 December 2017	Nature of relationship	Principal activities
(18) 北京房地天銳鑫洋房地產開發有限公司	PRC	Limited liability Company	RMB41,180	30%	30%	(ii), (iii)	Land and property development
(19) 上海新證財經信息諮詢有限公司	PRC	Limited liability Company	RMB142,500	45%	22%	(ii), (v)	Consulting service
(20) 中山市大信融佳商業投資有限公司	PRC	Limited liability Company	RMB1,000	25%	25%	(ii), (iv)	Investment management
(21) 北京卓信瑞通投資有限公司	PRC	Limited liability Company	RMB1,000	33%	33%	(ii), (iv)	Investment management
(22) 天津旭浩房地產開發有限公司	PRC	Limited liability Company	RMB120,000	25%	25%	(ii), (iii)	Land and property development
(23) 北京紫金長寧房地產開發有限責任公司	PRC	Limited liability Company	RMB198,500	50%	50%	(iii)	Land and property development
(24) 北京中聯置地房地產開發有限公司	PRC	Limited liability Company	RMB560,000	49%	49%	(ii), (iii)	Land and property development
(25) 鷹潭市信銀致遠投資有限合夥企業	PRC	Limited Liability partnership	RMB10,000,010	40%	40%	(ii), (iv)	Investment management
(26) 信銀振華三號房地產私募投資基金	PRC	Limited Liability partnership	RMB8,100,000	33%	33%	(ii), (iv)	Investment management
(27) 天津市遠銘置業有限公司	PRC	Limited liability Company	RMB50,000	42%	60%	(ii), (iii)	Land and property development
(28) 寧波遠吉德信投資管理合夥企業(有限合夥)	PRC	Limited Liability partnership	RMB101,000	50%	50%	(iv)	Investment management
(29) 北京新揚子投資基金管理中心(有限合夥)	PRC	Limited Liability partnership	RMB1,000,000	50%	50%	(iv)	Investment management
(30) 廊坊市裕豐房地產開發有限公司	PRC	Limited liability Company	RMB50,000	51%	51%	(i), (iii)	Land and property development
(31) 北京房地銘洋房地產開發有限公司	PRC	Limited liability Company	RMB30,000	49%	49%	(ii), (iii)	Land and property development
(32) 廣州華年喜年房地產開發有限公司	PRC	Limited liability Company	RMB10,000	51%	51%	(i), (iii)	Land and property development
(33) 武漢遠慧企業管理諮詢有限公司	PRC	Limited liability Company	RMB10,000	15%	15%	(ii), (iv)	Investment management
(34) 武漢遠正企業管理諮詢有限公司	PRC	Limited liability Company	RMB10,000	15%	15%	(ii), (iv)	Investment management
(35) 張家口富利嘉房地產開發有限公司	PRC	Limited liability Company	RMB30,000	60%	60%	(i), (iii)	Land and property development
(36) 河北川匯房地產開發有限公司	PRC	Limited liability Company	RMB5,000	51%	51%	(i), (iii)	Land and property development

## 14 INVESTMENTS IN JOINT VENTURES (Continued)

(a) Following are the details of all of the joint ventures held directly by the Group as at 31 December 2018, all of which are unlisted: (Continued)

Name	Country of incorporation and operation	Legal status	Issued/paid in capital (In thousand)	Effective interest held as at 31 December 2018	Effective interest held as at 31 December 2017	Nature of relationship	Principal activities
(37) 石家莊永熹房地產開發有限公司	PRC	Limited liability Company	RMB10,000	20%	20%	(ii), (iii)	Land and property development
(38) 深圳市遠康置地投資有限公司	PRC	Limited liability Company	RMB50,000	65%	65%	(i), (iv)	Investment management
(39) 長春王府井遠洋商業投資有限公司	PRC	Limited liability Company	RMB50,000	40%	40%	(ii), (iv)	Investment management
(40) 中山祥盛房地產開發有限公司	PRC	Limited liability Company	RMB100,000	50%	50%	(iii)	Land and property development
(41) 深圳遠東碧海置地有限公司	PRC	Limited liability Company	RMB10,000	51%	51%	(i), (iii)	Land and property development
(42) 深圳市奧益投資有限公司	PRC	Limited liability Company	RMB50,000	55%	55%	(i), (iv)	Investment management
(43) 蘇州奧遠房地產開發有限公司	PRC	Limited liability Company	RMB20,000	34%	34%	(ii), (iii)	Land and property development
(44) 合肥永拓置業發展有限公司	PRC	Limited liability Company	RMB400,000	25%	25%	(ii), (iii)	Land and property development
(45) 深圳市國通厚德房地產開發有限公司	PRC	Limited liability Company	RMB10,000	70%	70%	(i), (iii)	Land and property development
(46) 鄭州建業十八城置業有限公司	PRC	Limited liability Company	RMB200,000	50%	50%	(iii)	Land and property development
(47) 深圳遠愛投資合夥企業(有限合夥)	PRC	Limited Liability partnership	RMB375,050	33%	33%	(ii), (iv)	Investment management
(48) 寧波遠吉朗融投資管理合夥企業(有限合夥)	PRC	Limited Liability partnership	RMB1,000,200	50%	50%	(iv)	Investment management
(49) 北京潭拓興業房地產開發有限公司	PRC	Limited liability Company	RMB300,000	10%	10%	(ii), (iii)	Land and property development
(50) 北京遠創興茂置業有限公司	PRC	Limited liability Company	RMB100,000	40%	40%	(ii), (iii)	Land and property development
(51) 南寧金象遠洋基金管理有限公司	PRC	Limited liability Company	RMB10,000	35%	35%	(ii), (iv)	Investment management
(52) 昆明吉興達房地產開發有限公司	PRC	Limited liability Company	RMB200,000	55%	55%	(i), (iii)	Land and property development
(53) 愛車(天津)房地產開發有限公司	PRC	Limited liability Company	RMB150,000	50%	50%	(iii)	Land and property development

## 14 INVESTMENTS IN JOINT VENTURES (Continued)

(a) Following are the details of all of the joint ventures held directly by the Group as at 31 December 2018, all of which are unlisted: (Continued)

Name	Country of incorporation and operation	Legal status	Issued/paid in capital (In thousand)	Effective interest held as at 31 December 2018	Effective interest held as at 31 December 2017	Nature of relationship	Principal activities
(54) 贏家(天津)房地產開發有限公司	PRC	Limited liability Company	RMB850,000	50%	50%	(iii)	Land and property development
(55) 山西龍城遠洋置業有限公司	PRC	Limited liability Company	RMB10,000	44%	44%	(ii), (iii)	Land and property development
(56) 成都嘉昱房地產有限責任公司	PRC	Limited liability Company	RMB10,000	60%	60%	(i), (iii)	Land and property development
(57) 北京創遠亦程置業有限公司	PRC	Limited liability Company	RMB100,000	50%	50%	(iii)	Land and property development
(58) 佛山昱辰房地產開發有限公司	PRC	Limited liability Company	RMB20,000	50%	50%	(iii)	Land and property development
(59) 深圳市居達成投資有限公司	PRC	Limited liability Company	RMB100,000	60%	60%	(i), (iv)	Investment management
(60) 上海雋品置業有限公司	PRC	Limited liability Company	RMB50,000	51%	51%	(i), (iii)	Land and property development
(61) 大連世紀橋置業有限公司	PRC	Limited liability Company	RMB190,000	10%	10%	(ii), (iii)	Land and property development
(62) 四川朗遠恆潤企業管理有限公司	PRC	Limited liability Company	RMB10,000	50%	50%	(iv)	Investment management
(63) 太倉遠匯置業有限公司	PRC	Limited liability Company	RMB200,000	34%	34%	(ii), (iii)	Land and property development
(64) 北京遠和置業有限公司	PRC	Limited liability Company	RMB810,000	25%	25%	(ii), (iii)	Land and property development
(65) 杭州雋洋置業有限公司	PRC	Limited liability Company	RMB50,000	49%	49%	(ii), (iii)	Land and property development
(66) 珠海市遠致房地產開發有限公司	PRC	Limited liability Company	RMB50,000	70%	70%	(i), (iii)	Land and property development
(67) 河南優居房地產開發有限公司	PRC	Limited liability Company	RMB20,000	60%	60%	(i), (iii)	Land and property development
(68) 上海遠緒置業有限公司	PRC	Limited liability Company	RMB10,000	50%	50%	(iii)	Land and property development
(69) 天津吉慶置業有限公司	PRC	Limited liability Company	RMB30,000	50%	50%	(iii)	Land and property development
(70) 上海鄭明現代物流有限公司	PRC	Limited liability Company	RMB88,097	15.13%	15.13%	(ii), (v)	Operation of logistics
(71) 鄭州遠啟博奧企業管理諮詢有限公司	PRC	Limited liability Company	RMB10,000	70%	-	(i), (iv)	Investment management

## 14 INVESTMENTS IN JOINT VENTURES (Continued)

(a) Following are the details of all of the joint ventures held directly by the Group as at 31 December 2018, all of which are unlisted: (Continued)

Name	Country of incorporation and operation	Legal status	Issued/paid in capital (In thousand)	Effective interest held as at 31 December 2018	Effective interest held as at 31 December 2017	Nature of relationship	Principal activities
(72) 鄭州博鼎企業管理諮詢有限公司	PRC	Limited liability Company	RMB20,000	55%	-	(i), (iv)	Investment management
(73) 北京遠創興城置業有限公司	PRC	Limited liability Company	RMB100,000	50%	-	(iii)	Land and property development
(74) 中山市遠聞房地產開發有限公司	PRC	Limited liability Company	RMB40,000	50%	-	(iii)	Land and property development
(75) 中山市遠隆房地產開發有限公司	PRC	Limited liability Company	RMB1,000	70%	-	(i), (iii)	Land and property development
(76) 北京百思得保潔服務有限公司	PRC	Limited liability Company	RMB10,000	30%	-	(ii), (v)	Sanitation service
(77) 中山盛哲房地產開發有限公司	PRC	Limited liability Company	RMB20,000	30%	-	(ii), (iii)	Land and property development
(78) 北京遠盛泰房地產開發有限公司	PRC	Limited liability Company	RMB10,000	70%	-	(i), (iii)	Land and property development
(79) 重慶國際高爾夫俱樂部有限公司	PRC	Limited liability Company	RMB96,290	42.5%	-	(ii), (iii)	Land and property development
(80) 西安恆正隆房地產有限公司	PRC	Limited liability Company	RMB100,000	51%	-	(i), (iii)	Land and property development
(81) 遠洋邦置業有限公司	PRC	Limited liability Company	RMB200,000	50%	-	(iii)	Land and property development
(82) 廣西遠洋金象大數據有限公司	PRC	Limited liability Company	RMB10,000	70%	-	(i), (v)	Operation of data centers
(83) 北京穎融企業管理諮詢有限公司	PRC	Limited liability Company	RMB10,000	70%	-	(i), (iv)	Investment management
(84) 北京穎創企業管理諮詢有限公司	PRC	Limited liability Company	RMB10,000	70%	-	(i), (iv)	Investment management
(85) 長沙遠曜投資管理合夥企業	PRC	Limited liability Company	RMB632,642	50%	-	(iv)	Investment management
(86) 北京樂優富拓投資有限公司	PRC	Limited liability Company	RMB1,000	25%	-	(ii), (iv)	Investment management
(87) 成都遠能置業有限公司	PRC	Limited liability Company	RMB100,000	50%	-	(iii)	Land and property development
(88) 清和長青投資管理有限公司	PRC	Limited liability Company	RMB100,000	19%	-	(ii), (iv)	Investment management
(89) 嘉興金久房地產開發有限公司	PRC	Limited liability Company	RMB8,000	33%	-	(ii), (iii)	Land and property development
(90) 上海穎洋管理諮詢有限公司	PRC	Limited liability Company	RMB70,000	50%	-	(iv)	Investment management

## 14 INVESTMENTS IN JOINT VENTURES (Continued)

(a) Following are the details of all of the joint ventures held directly by the Group as at 31 December 2018, all of which are unlisted: (Continued)

Name	Country of incorporation and operation	Legal status	Issued/paid in capital (In thousand)	Effective interest held as at 31 December 2018	Effective interest held as at 31 December 2017	Nature of relationship	Principal activities
(91) 龍洋生命(開曼)有限公司	PRC	Limited liability Company	RMB184,600	50%	-	(iii)	Land and property development
(92) Sino-Ocean Great Wall Logistics Investment LP	Cayman Islands	Limited liability Partnership	USD366,000	40%	-	(ii), (iv)	Investment management
(93) SO CTCO Investments, LP.	Cayman Islands	Limited liability Partnership	USD100,000	50%	-	(iv)	Investment management
(94) 石家莊新聯遠鴻房地產開發有限公司	PRC	Limited liability Company	RMB100,000	51%	-	(i), (iii)	Land and property development
(95) 石家莊州賀房地產開發有限公司	PRC	Limited liability Company	RMB5,000	51%	-	(i), (iii)	Land and property development
(96) 河北裕悅房地產開發有限公司	PRC	Limited liability Company	RMB10,000	55%	-	(i), (iii)	Land and property development
(97) 西安遠瑞置業有限公司	PRC	Limited liability Company	RMB10,000	60%	-	(i), (iii)	Land and property development
(98) 溫州龍巖陵園有限公司	PRC	Limited liability Company	USD66,700	50%	-	(iii)	Land and property development
(99) 天津市遠馳房地產開發有限公司	PRC	Limited liability Company	RMB400,000	50%	-	(iii)	Land and property development
(100) 北京睿暉商業管理有限公司	PRC	Limited liability Company	RMB1,000	50%	-	(iii)	Land and property development
(101) 北京睿鴻商業管理有限公司	PRC	Limited liability Company	RMB1,000	50%	-	(iii)	Land and property development
(102) 濟南全眾信息科技有限公司	PRC	Limited liability Company	RMB50,000	50%	-	(iv)	Investment management
(103) 北京穎利企業管理諮詢有限公司	PRC	Limited liability Company	RMB 10,000	49%	-	(ii), (iv)	Investment management
(104) 河北陽瑞房地產開發有限公司	PRC	Limited liability Company	RMB 10,000	51%	-	(i), (iii)	Land and property development
(105) Sino-Ocean Meridian Fund I,LP	Cayman Islands	Limited liability Partnership	USD366,000	40%	-	(iv)	Investment management

## 14 INVESTMENTS IN JOINT VENTURES (Continued)

- (a) Following are the details of all of the joint ventures held directly by the Group as at 31 December 2018, all of which are unlisted: (Continued)
- (i) Although the Group holds more than 50% of the equity shares of these entities, the Group exercises joint control under the contractual agreements in the strategic financial and operating policy decisions of these entities. Accordingly, these entities are considered as joint ventures of the Group by the directors.
  - (ii) Although the Group holds less than 50% of the equity shares of these entities, the Group exercises joint control under the contractual agreements in the strategic financial and operating policy decisions of these entities. Accordingly, these entities are considered as joint ventures of the Group by the directors.
  - (iii) Investments in these joint ventures provide more opportunities to explore business in property development and investment properties.
  - (iv) Investments in these joint ventures provide more opportunities to explore business in real estate investment activities.
  - (v) Investments in these joint ventures provide more opportunities for the Group to explore business in other business activities.
  - (vi) As at 31 December 2018, the Group has the outstanding capital commitment to joint ventures amounting to RMB579,425,000. (2017: RMB116,110,000).

## 14 INVESTMENTS IN JOINT VENTURES (Continued)

### (b) Individually immaterial joint venture

The Group has interests in individually immaterial joint ventures that are accounted for using the equity method.

	2018	2017
	RMB'000	RMB'000
Aggregate carrying amount of individually immaterial joint ventures	<b>20,330,505</b>	14,720,119
Aggregate amounts of the Group's share of:		
Profit from continuing operations	<b>1,103,464</b>	802,213
Other comprehensive income	<b>(1,463,874)</b>	465,146
Total comprehensive income	<b>(360,410)</b>	1,267,359

## 15 INVESTMENTS IN ASSOCIATES

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
At beginning of the year	<b>4,562,962</b>	3,018,922
Effects of the adoption of HKFRS 15	<b>20,022</b>	–
Capital injection	<b>2,788,550</b>	1,875,599
Transfer from available-for-sale financial assets	–	75,600
Disposal	–	(231,579)
Dividend	–	(8,041)
Deemed disposal of associates	<b>(267,492)</b>	(84,961)
Share of results of associates		
— after adjustment for unrealized profit or loss from inter-company transactions between the Group and the associates	<b>(44,880)</b>	44,896
Currency translation difference	<b>118,193</b>	(127,474)
At end of the year	<b>7,177,355</b>	4,562,962



## 15 INVESTMENTS IN ASSOCIATES (Continued)

(a) Following are the details of all of the associates of the Group at 31 December 2018:

Name	Country of incorporation and operation	Legal status	Issued/paid in capital (In thousand)	Effective interest held as at 31 December 2018	Effective interest held as at 31 December 2017	Nature of the relationship	Principal activities
(1) Guoshou Yuanotong Real Estate Company Limited 國壽遠通置業有限公司	PRC	Limited liability Company	RMB2,500,000	10%	10%	(i), (ii)	Property development and investment services
(2) Beijing Shengyong Property Development and investment Company Limited 北京盛永置業投資有限公司	PRC	Limited liability Company	RMB500,000	35%	35%	(ii)	Property development and investment services
(3) CIGIS (China) Company Limited 建設綜合勘察研究設計院有限公司	PRC	Limited liability Company	RMB50,000	35%	35%	(iii)	Survey and design
(4) Chongqing Yuanheng Real Estate Development Limited 重慶遠騰房地產開發有限公司	PRC	Limited liability Company	RMB1,100,000	42.5%	42.25%	(ii)	Land and property development
(5) 北京興佰君泰房地產開發有限公司	PRC	Limited liability Company	RMB90,000	21%	21%	(ii)	Land and property development
(6) 北京達成光遠置業有限公司	PRC	Limited liability Company	RMB100,000	23%	23%	(ii)	Land and property development
(7) 廣州宏軒房地產開發有限公司	PRC	Limited liability Company	RMB300,000	16.66%	16.66%	(i), (ii)	Land and property development
(8) 廣州宏嘉房地產開發有限公司	PRC	Limited liability Company	RMB300,000	16.66%	16.66%	(i), (ii)	Land and property development
(9) 廣州環輝房地產開發有限公司	PRC	Limited liability Company	RMB300,000	16.66%	16.66%	(i), (ii)	Land and property development
(10) 深圳遠景融資租賃有限公司	PRC	Limited liability Company	USD200,000	45%	45%	(iii)	Finance lease
(11) 杭州博辦投資管理合夥企業(有限合夥)	PRC	Limited liability Partnership	RMB633,500	29.95%	29.95%	(iv)	Investment management
(12) 中交地產(海口)有限公司	PRC	Limited liability Company	RMB400,000	30%	30%	(ii)	Land and property development
(13) Beijing Capital Juda Limited. 首創鉅大有限公司	Cayman Islands	Limited liability Company	HKD20,345	9.9%	9.9%	(i), (ii)	Land and property development
(14) China Logistics Property Holdings Co.,Ltd 中國物流資產控股有限公司	Cayman Islands	Limited liability Company	USD184	8.87%	9.85%	(i), (iii)	Operation of logistics
(15) 深圳市遠景置業有限公司	PRC	Limited liability Company	RMB20,000	38.25%	26%	(ii)	Land and property development
(16) 中資國信資產管理有限公司	PRC	Limited liability Company	RMB300,000	19%	19%	(i), (iii)	Property management

## 15 INVESTMENTS IN ASSOCIATES (Continued)

(a) Following are the details of all of the associates of the Group at 31 December 2018: (Continued)

Name	Country of incorporation and operation	Legal status	Issued/paid in capital (In thousand)	Effective interest held as at 31 December 2018	Effective interest held as at 31 December 2017	Nature of the relationship	Principal activities
(17) 重慶騰基物業管理有限公司	PRC	Limited liability Company	RMB3,000	49%	49%	(ii)	Land and property development
(18) 重慶遠朗房地產開發有限公司	PRC	Limited liability Company	RMB233,540	50%	37.71%	(ii)	Land and property development
(19) 上海崇遠企業管理諮詢有限公司	PRC	Limited liability Company	RMB10,000	33%	33%	(ii)	Land and property development
(20) 杭州北農房地產開發有限公司	PRC	Limited liability Company	RMB100,000	50%	50%	(ii)	Land and property development
(21) 武漢遠駿置業有限公司	PRC	Limited liability Company	RMB50,000	34%	34%	(ii)	Land and property development
(22) 盛鼎股權投資基金管理有限責任公司	PRC	Limited liability Company	RMB100,000	19%	19%	(i), (iv)	Investment management
(23) 盛華財富投資管理有限公司	PRC	Limited liability Company	RMB100,000	19%	19%	(i), (iv)	Investment management
(24) 長春市元亨房地產開發有限公司	PRC	Limited liability Company	RMB10,000	20%	20%	(ii)	Land and property development
(25) 天津遠卓商貿有限公司	PRC	Limited liability Company	RMB10,000	15%	15%	(i), (iv)	Investment management
(26) 上海久耶供應鏈管理有限公司	PRC	Limited liability Company	RMB2,318	26.95%	36%	(iii)	Operation of logistics
(27) 天津中建致恆地產有限公司	PRC	Limited liability Company	RMB70,000	42.9%	42.9%	(ii)	Land and property development
(28) 石家莊安聯房地產開發有限公司	PRC	Limited liability Company	RMB20,000	30%	30%	(ii)	Land and property development
(29) 江西軍邦房地產開發有限公司	PRC	Limited liability Company	RMB30,000	51%	51%	(ii)	Land and property development
(30) 成都青銅匯股權投資基金合夥企業(有限合夥)	PRC	Limited Liability partnership	RMB700,000	43%	43%	(iv)	Investment management
(31) 南昌市立成文化藝術有限公司	PRC	Limited liability Company	RMB10,000	20%	20%	(ii)	Land and property development
(32) 北京瑞成永創科技有限公司	PRC	Limited liability Company	RMB50,000	22%	22%	(v)	Scientific research and technical services
(33) 廈門國遠同豐置業有限公司	PRC	Limited liability Company	RMB98,000	51.02%	49%	(ii)	Land and property development
(34) 南昌國遠盈潤置業有限公司	PRC	Limited liability Company	RMB98,000	49%	49%	(ii)	Land and property development
(35) 長沙雙湖置業有限公司	PRC	Limited liability Company	RMB30,000	10%	10%	(i), (ii)	Land and property development

## 15 INVESTMENTS IN ASSOCIATES (Continued)

(a) Following are the details of all of the associates of the Group at 31 December 2018: (Continued)

Name	Country of incorporation and operation	Legal status	Issued/paid in capital (In thousand)	Effective interest held as at 31 December 2018	Effective interest held as at 31 December 2017	Nature of the relationship	Principal activities
(36) 北京融德房地產開發有限公司	PRC	Limited liability Company	RMB687,000	49%	49%	(ii)	Land and property development
(37) 北京美中宜和醫療管理有限公司	PRC	Limited liability Company	RMB1,177,275	14.51%	14.51%	(i), (v)	Healthcare Management
(38) 沈陽美德因婦兒醫院股份有限公司	PRC	Limited liability Company	RMB29,323	14.42%	14.42%	(i), (v)	Healthcare Management
(39) 北京恆泰博車拍賣有限公司	PRC	Limited liability Company	RMB34,018	6.33%	6.33%	(i), (v)	Auto Auction
(40) Coldwest Fund I LP	Cayman Islands	Limited liability Partnership	USD105,000	47.62%	-	(iv)	Investment management
(41) Delos China (HK) Limited	HK	Limited liability Company	USD16,000	25%	-	(iii)	Healthy renovation service
(42) 太原吉飛通房地產開發有限公司	PRC	Limited liability Company	RMB10,000	5%	-	(i), (ii)	Land and property development
(43) 北京融平企業管理服務有限公司	PRC	Limited liability Company	RMB687,000	49%	-	(iii)	Land and property development
(44) 北京房地鈞洋房地產開發有限公司	PRC	Limited liability Company	RMB30,000	10%	-	(i), (ii)	Land and property development
(45) 佛山市華信致遠房地產開發有限公司	PRC	Limited liability Company	RMB50,000	49%	-	(ii)	Land and property development
(46) 蘇州嶼秀房地產開發有限公司	PRC	Limited liability Company	RMB480,000	16.50%	-	(i), (ii)	Land and property development
(47) 上海棟鼎企業管理有限公司	PRC	Limited liability Company	RMB30,000	49%	-	(iv)	Land and property development
(48) 北京誼誠置業有限公司	PRC	Limited liability Company	RMB10,000	21%	-	(ii)	Land and property development
(49) 天津遠致投資管理有限公司	PRC	Limited liability Company	RMB10,000	60%	-	(iv), (vi)	Investment management
(50) 四川駒馬物流有限公司	PRC	Limited liability Company	RMB183,240	13.91%	-	(i), (iii)	Operation of logistics
(51) 上海發網供應鏈管理有限公司	PRC	Limited liability Company	RMB200,000	18.35%	-	(i), (iii)	Operation of logistics
(52) 上海壹米滴答供應鏈管理有限公司	PRC	Limited liability Company	RMB250,000	6.55%	-	(i), (iii)	Operation of logistics
(53) 納什空間創業科技有限公司	PRC	Limited liability Company	RMB346,875	20%	-	(v)	Office leasing services
(54) 聯合麗格(北京)醫療美容連鎖有限公司	PRC	Limited liability Company	RMB400,000	26.35%	-	(v)	Healthcare Management
(55) 北京銳視康科技發展有限公司	PRC	Limited liability Company	RMB100,000	14.29%	-	(i), (v)	Medical production and research

## 15 INVESTMENTS IN ASSOCIATES (Continued)

(a) Following are the details of all of the associates of the Group at 31 December 2018: (Continued)

Among the associates mentioned above, Beijing Capital Juda Limited and China Logistics Property Holdings Co., Ltd are listed on Stock Exchange of Hong Kong Ltd, the quoted fair value and carrying amount thereof presented as below:

	Name	Country of incorporation and operation	Legal status	Quoted market value		Carrying amount	
				2018 RMB'000	2017 RMB'000	2018 RMB'000	2017 RMB'000
(1)	Beijing Capital Juda Limited	PRC	Limited liability Company	<b>116,771</b>	155,164	<b>154,319</b>	139,770
(2)	China Logistics Property Holdings Co., Ltd	PRC	Limited liability Company	<b>728,915</b>	608,626	<b>985,387</b>	883,040

Even though quoted market value of both of Beijing Capital Juda Limited and China Logistics Property Holdings Co., Ltd is less than the carrying amount, the fair value of net assets of these two companies attributable to the Group is higher than the carrying amount, no impairment charge is recognised for these two investments.

- (i) Although the Group holds less than 20% of the equity shares of these entities, the Group exercises significant influence under the contractual agreements in the strategic financial and operating policy decisions of these companies.
- (ii) Investments in these associates provide more opportunities to explore business in property development.
- (iii) Investments in these associates provide more opportunities to involve in related services to support property development, such as architectural design and property management.
- (iv) Investments in these associates provide more opportunities to explore business in real estate investment activities.
- (v) Investments in these associates provide more opportunities to explore business in other activities.
- (vi) Although the Group holds 60% of the equity shares of this company, the Group exercises significant influence under the contractual agreements in the strategic financial and operating policy decisions of the company. Accordingly, the company is considered as an associate of the Group by the directors.
- (vii) As at 31 December 2018, the Group has the outstanding capital commitment to associates amounting to RMB137,861,000 (2017: RMB299,275,000).

## 15 INVESTMENTS IN ASSOCIATES (Continued)

### (b) Individually immaterial associates

The Group has interests in individually immaterial associates that are accounted for using the equity method.

	<b>2018</b>	2017
	<b>RMB'000</b>	RMB'000
Aggregate carrying amount of individually immaterial associates	<b>7,177,355</b>	4,562,962
Aggregate amounts of the Group's share of:		
Profit from continuing operations	<b>52,065</b>	63,967
Other comprehensive income	-	-
Total comprehensive income	<b>52,065</b>	63,967

## 16 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
<b>Financial assets</b>		
Financial assets at amortised cost:		
Trade and other receivables and prepayments	72,975,210	48,264,483
Less: Prepayments	(7,158,187)	(5,351,381)
— Trade and other receivables and prepayments excluding prepayments	65,817,023	42,913,102
— Restricted bank deposits (Note 25)	3,362,876	2,797,531
— Cash and cash equivalents (Note 26)	39,208,481	21,968,819
— Contract assets	2,405,696	—
Financial assets at fair value through other comprehensive income (Note 17)	679,952	—
Available-for-sale financial assets	—	3,708,978
Financial assets at fair value through profit or loss (Note 18)	4,144,149	14,656
	<b>115,618,177</b>	<b>71,403,086</b>
<b>Financial liabilities</b>		
Liabilities at amortised cost		
— Borrowings (Note 33)	88,575,079	61,032,154
— Trade and other payables excluding tax payables	57,632,184	36,884,041
Financial liabilities at fair value through profit or loss (Note 37)	146,939	—
	<b>146,354,202</b>	<b>97,916,195</b>

## 17 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

### (i) Classification of financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprise:

- Equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

### (ii) Equity investments at fair value through other comprehensive income

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
Listed securities (a)	54,806	–
Unlisted securities (b)	625,146	–
	679,952	–
Less: Non-current portion	(679,952)	–
Current portion	–	–

(a) Investment in listed equity securities is stated at fair value based on the quoted price of the equity securities.

(b) Investment in unlisted equity securities are denominated in HKD. For the valuation of unlisted equity securities, please refer to Note 5.3.

## 17 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Continued)

### (iii) Financial assets previously classified as available-for-sale financial assets (2017)

Available-for-sale financial assets included the following classes of financial assets:

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
Investment in listed equity securities	–	166,267
Investment in other unlisted equity securities	–	1,007,586
Investment in fund investments	–	2,526,469
Others	–	8,656
	–	3,708,978
Less: Non-current portion	–	(3,708,978)
Current portion	–	–

## 18 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

### (i) Classification of financial assets at fair value through profit or loss

The Group classifies the following financial assets at fair value through profit or loss (FVPL):

- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.



## 18 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

### (i) Classification of financial assets at fair value through profit or loss (Continued)

Financial assets mandatorily measured at FVPI include the following:

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
Investment in fund investments	<b>3,225,309</b>	–
Investment in other unlisted equity securities	<b>532,711</b>	–
Investment in listed equity securities	<b>238,484</b>	256,972
Others	<b>6,982</b>	–
Derivatives — held-for-trading		
Leveraged bond-linked notes	<b>140,663</b>	–
Forward foreign exchange contracts	–	(242,316)
	<b>4,144,149</b>	14,656
Less: Non-current portion	<b>(3,961,645)</b>	–
Current portion	<b>182,504</b>	14,656

Changes in fair values of financial assets at fair value through profit or loss are recorded in “other gains — net” in the income statement.

## 18 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

### (ii) Amounts recognised in profit or loss

During the year, the following gains/(losses) were recognised in profit or loss:

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
Fair value gains/(losses) recognised in other gains/(losses)	<b>205,252</b>	(336,221)

### (iii) Risk exposure and fair value measurements

Information about the Group's exposure to price risk is provided in 5.1. For information about the methods and assumptions used in determining fair value please refer to Note 5.3.

### (iv) Previous accounting policy: Classification of financial assets at fair value through profit or loss

In 2017, the Group classified financial assets at fair value through profit or loss if they were acquired principally for the purpose of selling in the short term, i.e. are held for trading. They were presented as current assets if they are expected to be sold within 12 months after the end of the reporting period; otherwise they were presented as non-current assets. The Group did not elect to designate any financial assets at fair value through profit or loss. See Note 3.11 for the Group's other accounting policies for financial assets.

## 19 PROPERTIES UNDER DEVELOPMENT

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
At beginning of the year	<b>47,767,443</b>	33,900,115
Effects of the adoption of HKFRS 15	<b>(1,641,328)</b>	–
Additions	<b>37,452,750</b>	15,793,637
Transfer from deposits for land use rights	<b>4,150,121</b>	–
Acquisition of subsidiaries (Note 50)	<b>1,848,191</b>	26,679,599
Disposal of interests in subsidiaries	<b>(141,183)</b>	(60,196)
Provision for impairment	<b>(116,952)</b>	–
Transfer to investment properties (Note 12)	<b>(3,041,522)</b>	–
Transfer to completed properties held for sale	<b>(30,788,071)</b>	(28,545,712)
Recognised in cost of sales	<b>(833,653)</b>	–
At end of the year	<b>54,655,796</b>	47,767,443
Properties under development comprises:		
Land use rights	<b>31,643,756</b>	22,288,540
Construction costs and capitalized expenditure	<b>15,326,434</b>	19,041,138
Interest capitalized	<b>7,685,606</b>	6,437,765
	<b>54,655,796</b>	47,767,443

Properties under development are mainly located in the PRC. As at 31 December 2018, properties under development of approximately RMB14,495,605,000 (2017: RMB9,010,782,000) were pledged as collateral for the Group's borrowings.

All properties under development are expected to be completed within the normal operating cycle of the Group, in which RMB32,857,229,000 (2017: RMB19,788,259,000) is expected to be completed and available for sale more than twelve months after the balance sheet date.

## 20 LAND DEVELOPMENT COST RECOVERABLE

Land development cost recoverable refers to capitalized costs on primary land development projects. The land use right certificates belong to the government for these projects. Main activities for primary land development projects included house dismantlement and land leveling works, in order to make sure the land is connected to water, gas, and electric power supplies.

## 21 PREPAYMENTS FOR LAND USE RIGHTS

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
Deposits to local land authorities	<b>2,160,585</b>	7,507,699

The prepayments were paid to local land authorities for land use rights as at 31 December 2018 and 2017, respectively. Once the title of land is transferred to the Group, the land will be used to develop properties held for sale.

## 22 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

### (a) Trade receivables

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
Trade receivables	<b>2,563,406</b>	1,097,782
Less: provision for impairment of trade receivables	<b>(46,467)</b>	(45,178)
	<b>2,516,939</b>	1,052,604
Less: non-current portion	-	-
Current portion	<b>2,516,939</b>	1,052,604

## 22 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

### (a) Trade receivables (Continued)

Proceeds from services and sales rendered are to be received in accordance with the term of respective agreement, and the credit term is provided briefly, an ageing analysis of trade receivables at the respective balance sheet dates is as follows:

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
Within 6 months	1,272,137	879,578
Between 6 months to 1 year	894,529	119,339
Between 1 year to 2 years	349,763	66,005
Between 2 years to 3 years	27,903	12,953
Over 3 years	19,074	19,907
	<b>2,563,406</b>	1,097,782

As at 31 December 2018, no trade receivables (2017: nil) were pledged as collateral for the Group's borrowings.

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

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
At 1 January	(45,178)	(25,745)
Provision for receivable impairment	(1,289)	(19,433)
At 31 December	<b>(46,467)</b>	(45,178)

## 22 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

### (b) Other receivables and prepayments:

	As at 31 December					
	2018			2017		
	Current RMB'000	Non-current RMB'000	Total RMB'000	Current RMB'000	Non-current RMB'000	Total RMB'000
Entrusted loans to third parties (i)	1,064,219	1,821,995	2,886,214	50,000	2,376,809	2,426,809
Entrusted loans to joint ventures (ii)	2,264,638	9,251,451	11,516,089	454,092	4,599,763	5,053,855
Entrusted loans to associates (iii)	1,012,566	116,689	1,129,255	–	580,306	580,306
Entrusted loans to non-controlling interests (iv)	791,000	475,000	1,266,000	749,298	200,000	949,298
Amounts due from third parties (i)	2,698,956	–	2,698,956	1,281,332	–	1,281,332
Amounts due from joint ventures (v)	16,598,387	–	16,598,387	15,944,187	–	15,944,187
Amounts due from associates (v)	9,723,159	–	9,723,159	7,638,158	–	7,638,158
Amounts due from non-controlling interests (v)	7,775,365	–	7,775,365	2,932,709	–	2,932,709
Tax prepayments	4,271,512	1,616,282	5,887,794	3,700,694	563,736	4,264,430
Receivables from government (vi)	2,600,818	–	2,600,818	2,051,463	–	2,051,463
Payment for the cooperation of potential properties development projects (vii)	1,955,893	1,110,000	3,065,893	1,446,397	330,000	1,776,397
Receivables from disposal of interest in a subsidiary	863,472	–	863,472	–	–	–
Other prepayments	1,270,393	–	1,270,393	1,086,951	–	1,086,951
Other receivables	2,116,072	1,146,056	3,262,128	890,916	335,068	1,225,984
Less: provision for impairment of other receivables	(68,754)	(16,898)	(85,652)	–	–	–
Other receivables and prepayments	54,937,696	15,520,575	70,458,271	38,226,197	8,985,682	47,211,879

## 22 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

### (b) Other receivables and prepayments: (Continued)

- (i) Entrusted loans to and amounts due from third parties represent amounts paid to joint ventures and associates' joint ventures and associates in order to support the development of real estate projects. As the Group has no direct equity interests in these companies to which the amounts paid are classified as entrusted loans to and amounts due from third parties.

As at 31 December 2018 and 2017, entrusted loans to third parties comprised:

	As at 31 December	
	2018 RMB'000	2017 RMB'000
Unsecured loans	2,173,089	2,226,809
Secured loans	713,125	200,000
	<b>2,886,214</b>	2,426,809
Less: Non-current portion	<b>(1,821,995)</b>	(2,376,809)
	<b>1,064,219</b>	50,000

- Unsecured loans bear interest ramping from 3.5% to 15% per annum (2017: from 3.5% to 15%).
- Secured loans bear interest ramping from 8% to 15% per annum (2017: 8%).

Amounts due from third parties are unsecured, interest free, and repayable on demand.

- (ii) Entrusted loans to joint ventures are unsecured, interest bearing from 3.38% to 16% per annum (2017: from 3.38% to 16%). RMB2,264,638,000 (2017: RMB454,092,000) out of the balances are repayable on demand. The remaining balances of RMB9,251,451,000 (2017: RMB4,599,763,000) will be repayable from 2020 to 2023 and included in the non-current portion.
- (iii) Entrusted loans to associates are unsecured, interest bearing from 6.62% to 15% per annum (2017: from 6.62% to 8%). RMB1,012,566,000 (2017: nil) out of the balances are repayable on demand. The remaining balances of RMB116,689,000 (2017: RMB580,306,000) will be repayable from 2020 to 2023 and included in the non-current portion.
- (iv) Entrusted loans to non-controlling are unsecured, interest of from 8% to 12% per annum (2017: from 8% to 12%). RMB791,000,000 (2017: RMB749,298,000) out of the balances are repayable on demand. The remaining balances of RMB475,000,000 (2017: RMB200,000,000) will be repayable from 2020 to 2023 and included in the non-current portion.
- (v) Amounts due from joint ventures, associates and non-controlling interests are unsecured, interest free, and repayable on demand.

## 22 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

### (b) Other receivables and prepayments: (Continued)

- (vi) Receivables from government mainly represent payment made for land development cost, some deposits paid to government to ensure the business activities of properties development, and the amounts paid to government with the intention of possible future cooperation in real estate project development, which will be subsequently reimbursed by the government.
  
- (vii) Amounts mainly represent the payment for cooperation of potential properties development projects. As at 31 December 2018, such cooperation is still in negotiation stage.

RMB1,580,000,000 (2017: RMB530,000,000) out of the balance are unsecured, interest bearing from 7% to 11% (2017: from 7% to 11%). The remaining balances of RMB1,485,893,000 (2017: RMB1,246,397,000) are unsecured and interest free.

RMB1,955,893,000 (2017: RMB1,446,397,000) out of the balance are repayable on demand. The remaining balance of RMB1,110,000,000 (2017: RMB330,000,000) will be repayable in 2020 and included in the non-current portion.

The maximum exposure to credit risk at the reporting date is the book value of each class of receivable mentioned above. The carrying amounts of the Group's trade and other receivables and prepayments are mainly denominated in RMB.

The carrying amounts of trade and other receivables and prepayments approximate their respective fair values as at 31 December 2018 and 2017.



## 23 COMPLETED PROPERTIES HELD FOR SALE

All completed properties held for sale are located in the PRC on leasehold lands with lease terms between 40 to 70 years, and are stated at cost less accumulated amortization of land use rights for the years ended 2018 and 2017, respectively.

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
Completed properties held for sale comprised:		
Land use rights	5,354,222	5,709,739
Construction costs and capitalized expenditure	10,873,360	11,269,294
Interest capitalized	3,855,716	2,434,444
	<b>20,083,298</b>	19,413,477

Movements on the provision for impairment of completed properties held for sale are as follows:

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
At beginning of the year	137,135	81,886
Addition	565,887	77,195
Transfer from properties under development	66,286	-
Write-off upon sales of completed properties held for sale	(91,063)	(21,946)
At end of the year	<b>678,245</b>	137,135

As at 31 December 2018, RMB5,034,095,000 completed properties held for sale (2017: RMB2,030,928,000) were pledged as collateral for the Group's borrowings.

## 24 AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORK

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
Contract cost incurred plus recognized profit	–	4,355,771
Less: progress receivables	–	(3,842,247)
Contract work-in-progress	–	513,524
Representing:		
Amounts due from customers for contract work	–	513,524
	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
Contract revenue recognized as revenue in the year	–	1,187,868

## 25 RESTRICTED BANK DEPOSITS

Restricted bank deposits are mainly denominated in RMB, which are guaranteed deposits for the mortgage loan facilities granted by the banks to the purchasers of the Group's properties, as well as for projects co-developed with third parties. The balances also include guaranteed deposits placed in the banks, as guaranteed funds of construction projects to meet certain local authorities' requirements. The effective interest rate on restricted bank deposits ranging from 0.35% to 2.175% for the year ended 31 December 2018.

## 26 CASH AND CASH EQUIVALENTS

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
Cash at bank and in hand	<b>35,363,241</b>	21,466,938
Short-term bank deposits	<b>3,845,240</b>	501,881
Cash and cash equivalents	<b>39,208,481</b>	21,968,819
Denominated in:		
— RMB	<b>33,076,277</b>	18,657,485
— HKD	<b>1,769,956</b>	1,682,970
— USD	<b>4,357,305</b>	1,625,348
— Other currencies	<b>4,943</b>	3,016
	<b>39,208,481</b>	21,968,819

The Group's cash and cash equivalents denominated are deposited with banks in the Mainland China and Hong Kong, respectively. The conversion of the RMB denominated balances into foreign currencies, which are placed within the PRC, is subject to the rules and regulations of foreign exchange control promulgated by the PRC Government.

## 27 CAPITAL

	Number of ordinary shares	Share capital HKD'000	Equivalent share capital RMB'000	Shares held for Restricted Share Award Scheme RMB'000	Total RMB'000
<b>Opening balance 1 January 2018</b>	<b>7,564,608,657</b>	<b>30,169,687</b>	<b>27,129,614</b>	<b>-</b>	<b>27,129,614</b>
Issue of shares pursuant to exercise of employee share options	51,387,000	240,423	197,298	-	197,298
Vesting of shares under Restricted Share Award Scheme	-	3,031	1,898	-	1,898
	<b>7,615,995,657</b>	<b>30,413,141</b>	<b>27,328,810</b>	<b>-</b>	<b>27,328,810</b>
Restricted Share Award Scheme (a)					
<b>Opening balance 1 January 2018</b>	<b>(46,635,224)</b>	<b>-</b>	<b>-</b>	<b>(140,746)</b>	<b>(140,746)</b>
Shares purchased during the year	(17,847,216)	-	-	(74,017)	(74,017)
Vesting of shares under Restricted Share Award Scheme	11,381,198	-	-	36,446	36,446
<b>At 31 December 2018</b>	<b>(53,101,242)</b>	<b>-</b>	<b>-</b>	<b>(178,317)</b>	<b>(178,317)</b>
<b>At 31 December 2018</b>	<b>7,562,894,415</b>	<b>30,413,141</b>	<b>27,328,810</b>	<b>(178,317)</b>	<b>27,150,493</b>
Opening balance 1 January 2017	7,513,879,657	29,923,363	26,920,490	-	26,920,490
Issue of shares pursuant to exercise of employee share options	50,729,000	240,674	205,043	-	205,043
Vesting of shares under Restricted Share Award Scheme	-	5,650	4,081	-	4,081
	<b>7,564,608,657</b>	<b>30,169,687</b>	<b>27,129,614</b>		<b>27,129,614</b>
Restricted Share Award Scheme (a)					
Opening balance 1 January 2017	(52,942,116)	-	-	(147,280)	(147,280)
Shares purchased during the year	(8,344,154)	-	-	(37,712)	(37,712)
Vesting of shares under Restricted Share Award Scheme	14,651,046	-	-	44,246	44,246
<b>At 31 December 2017</b>	<b>(46,635,224)</b>	<b>-</b>	<b>-</b>	<b>(140,746)</b>	<b>(140,746)</b>
<b>At 31 December 2017</b>	<b>7,517,973,433</b>	<b>30,169,687</b>	<b>27,129,614</b>	<b>(140,746)</b>	<b>26,988,868</b>

## 27 CAPITAL (Continued)

- (a) On 22 March 2010, the board of the Company resolved to adopt a Restricted Share Award Scheme. The purpose of the Scheme is to recognise and motivate the contribution of certain employees and to provide incentives and help the Group in retaining its existing employees and recruiting additional employees and to provide them with a direct economic interest in attaining the long-term business objectives of the Company.

Restricted Share Award Scheme was administered by an independent trustee appointed by the Group, the trustee shall purchase from the market such number of shares awarded as specified by the Board and shall hold such shares until they are vested in accordance with the Restricted Share Award Scheme Rules. When the selected employee has satisfied all vesting conditions specified by the Board at the time of making the award and become entitled to the shares forming the subject of the award, the trustee shall transfer the relevant vested shares to that employee.

Movements in the number of awarded shares for the years ended 31 December 2018 and 2017 are as follows:

	Shares (thousands)
At 1 January 2018	16,873
Vested	(11,381)
Lapsed	(912)
At 31 December 2018	4,580
At 1 January 2017	21,568
Granted	10,890
Vested	(14,651)
Lapsed	(934)
At 31 December 2017	16,873

The fair value of the awarded shares was calculated based on the market price of the Company's shares at the respective grant date. The expected dividends during the vesting period have been taken into account when assessing the fair value of these awarded shares.

The weighted average fair value of awarded shares granted during the year ended 31 December 2018 was HKD3.89 per share (2017: HK\$3.75 per share).

The outstanding awarded shares as of 31 December 2018 were divided into several tranches on an equal basis as at their grant dates. The outstanding awarded shares will be exercised after a specified period ranging from one to three years from the grant date.

## 28 RETAINED EARNINGS

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
At 1 January	<b>20,745,229</b>	17,585,122
Effects of the adoption of HKFRS 9, net of tax	<b>199,031</b>	–
Effects of the adoption of HKFRS 15, net of tax	<b>57,529</b>	–
Profit for the year	<b>3,573,745</b>	5,115,405
Dividends relating to 2016	–	(782,907)
Dividends relating to 2017 (Note 45)	<b>(999,882)</b>	(1,072,542)
Dividends relating to 2018 (Note 45)	<b>(938,280)</b>	–
Transfer to statutory reserve fund	<b>(89,211)</b>	(99,849)
At 31 December	<b>22,548,161</b>	20,745,229

## 29 RESERVES

	Merger reserve	Statutory reserve	Translation reserve	Investment revaluation reserve	Employee share option	Restricted Share Award Scheme	Other reserve	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2018	(763,427)	1,353,882	39,774	573,384	142,509	42,339	(620,438)	768,023
Effects of the adoption of HKFRS 9, net of tax	-	-	-	(199,031)	-	-	-	(199,031)
Fair value losses on financial assets at fair value through other comprehensive income	-	-	-	(28,923)	-	-	-	(28,923)
Share of other comprehensive income of investments accounted for using the equity method	-	-	-	(1,463,874)	-	-	-	(1,463,874)
Currency translation differences	-	-	(229,813)	-	-	-	-	(229,813)
Expense on share-based payment	-	-	-	-	64,955	6,725	-	71,680
Expiry of share option	-	-	-	-	(4,620)	-	4,620	-
Issue of shares pursuant to exercise of employee share options	-	-	-	-	(35,380)	-	-	(35,380)
Vesting of shares under Restricted Share Award Scheme	-	-	-	-	-	(38,344)	-	(38,344)
Transfer from retained earnings	-	89,211	-	-	-	-	-	89,211
Decrease in non-controlling interests as a result of acquisition of additional interests in a subsidiary from non-controlling interests	-	-	-	-	-	-	(247,397)	(247,397)
At 31 December 2018	(763,427)	1,443,093	(190,039)	(1,118,444)	167,464	10,720	(863,215)	(1,313,848)

## 29 RESERVES (Continued)

	Merger reserve	Statutory reserve	Translation reserve	Investment revaluation reserve	Employee share option	Restricted Share Award Scheme	Other reserve	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2017	(763,427)	1,254,033	(159,174)	(111,311)	168,507	46,330	(794,649)	(359,691)
Fair value gains on available-for-sale financial assets	-	-	-	219,549	-	-	-	219,549
Share of other comprehensive income of investments accounted for using the equity method	-	-	-	465,146	-	-	-	465,146
Currency translation differences	-	-	198,948	-	-	-	-	198,948
Expense on share-based payment	-	-	-	-	67,275	44,336	(8,567)	103,044
Expiry of share option	-	-	-	-	(57,070)	-	57,070	-
Issue of shares pursuant to exercise of employee share options	-	-	-	-	(36,203)	-	-	(36,203)
Vesting of shares under Restricted Share Award Scheme	-	-	-	-	-	(48,327)	-	(48,327)
Transfer from retained earnings	-	99,849	-	-	-	-	-	99,849
Increase in non-controlling interests without change of control	-	-	-	-	-	-	2,595	2,595
Decrease in non-controlling interests as a result of acquisition of additional interests in a subsidiary from non-controlling interests	-	-	-	-	-	-	123,113	123,113
At 31 December 2017	(763,427)	1,353,882	39,774	573,384	142,509	42,339	(620,438)	768,023

Statutory reserves represent reserves of the PRC incorporated companies which are set aside for future development purposes in accordance with the regulations in the PRC. The allocation is based on certain percentages of the companies' profit of the year, which is allocated on an annual basis.



### 30 SHARE OPTIONS

The establishment of the Group's share options plan was approved on 3 September 2007 by the shareholders. The share option plan is designed to provide long-term incentives for senior managers and above to deliver long-term shareholder returns. Under the plan, participants are granted options which only vest if certain performance standards are met. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

The share options are exercisable during the following periods:

Share options granted from 2015 to 2017 are granted to several directors and to selected employees, in which 40% of the options are exercisable after 1 year from the grant date; additional 30% of the options are exercisable after 2 years from the grant date, and remaining 30% of the options are exercisable after 3 years from the grant date.

Share options granted in 2018 are granted to several directors and to selected employees, in which 50% of the options are exercisable after 1 year from the grant date, and remaining 50% of the options are exercisable after 2 years from the grant date.

The options have a contractual option term of 5 years. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Average exercise price in HK dollar per share	Shares
	HKD	(thousands)
<b>At 1 January 2018</b>	<b>4.04</b>	243,391
Granted during the year	<b>3.96</b>	250,000
Lapsed during the year	<b>4.11</b>	(9,266)
Exercised during the year	<b>3.83</b>	(51,387)
<b>At 31 December 2018</b>	<b>4.02</b>	432,738

Out of the 432,738,000 outstanding options (2017: 243,391,000), 183,274,000 (2017: 191,191,000) were exercisable as at 31 December 2018.

As a result of the options exercised during the year ended 31 December 2018, 51,387,000 ordinary shares (2017: 50,729,000 ordinary shares) were issued by the Company. The weighted average price of the shares at the time these options were exercised was HKD3.16 per share (2017: HKD5.21 per share).

### 30 SHARE OPTIONS (Continued)

Share options outstanding as at 31 December 2018 have the following expiry dates and exercise prices:

Expiry date	Exercise price in HK dollar per share	Shares (thousands)
12 January 2017	3.57	–
27 August 2020	4.04	33,989
13 April 2021	3.80	99,369
24 August 2022	4.70	49,380
04 September 2023	3.96	250,000
		432,738

The directors of the Company have used the Binomial Model to determine the fair value of the options as at the respective grant dates, which is to be expensed over the relevant vesting period. The weighted average fair value of options granted during the year ended 31 December 2018 was HKD0.7863 per option (2017: HKD1.0576 per option).

The model inputs for options granted during the year ended 31 December 2018 included:

- (a) exercise price: HKD3.96 (2017: HKD4.70)
- (b) grant date: 4 September 2018 (2017: 24 August 2017)
- (c) expiry date: 4 September 2023 (2017: 24 August 2022)
- (d) share price at grant date: HKD3.96 (2017: HKD4.70)
- (e) expected price volatility of the company's share: 37.99% (2017: 37.97%)
- (f) expected dividend yields: 5.63% (2017: 4.65%)
- (g) risk-free interest rate: 2.12% (2017: 1.295%)

## **31 CAPITAL SECURITIES**

On 21 September 2017, Sino-Ocean Land Treasure III Limited (“Sino-Ocean Land III”), a wholly owned subsidiary, issued perpetual subordinated guaranteed capital securities (“capital securities”), which are callable, with initial aggregate principal amount of USD600,000,000.

The capital securities have no maturity date, and the payments of distribution of such capital securities can be deferred at the discretion of Sino-Ocean Land III. When Sino-Ocean Land III and the Company elects to declare dividends to their shareholders, Sino-Ocean Land III should make a distribution at an initial rate of 4.9% per annum, as defined in the subscription agreement. Such capital securities are guaranteed by the Company.

## **32 CAPITAL INSTRUMENT**

On 30 December 2016, Hangzhou Xinhe Hotel Property Limited (“Hangzhou Xinhe”) and Hangzhou Yunhe Business District Development Limited (“Hangzhou Yunhe”), two wholly owned subsidiaries, together issued a capital instrument, which is callable, with an initial aggregate principal amount of RMB3,500,000,000.

The capital instrument has no maturity date, and the payments of distribution of such capital instrument can be deferred at the discretion of Hangzhou Xinhe and Hangzhou Yunhe. When Hangzhou Xinhe or Hangzhou Yunhe or Sino-Ocean Land Limited, another subsidiary of the Group, elects to declare dividends to their shareholders, Hangzhou Xinhe and Hangzhou Yunhe should make distribution to the holders of the capital instrument at the distribution rate, ranging from 6% to 11%, as defined in the subscription agreement. Such capital instrument are secured by the real estate and investment property project owned by Hangzhou Yunhe and Hangzhou Xinhe.

### 33 BORROWINGS

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
<b>Non-current</b>		
Bank borrowings (a)	21,900,632	13,851,561
Other borrowings (b)	51,249,622	37,181,456
Total non-current borrowings	73,150,254	51,033,017
<b>Current</b>		
Current portion of long-term bank borrowings (a)	4,317,089	1,677,249
Current portion of long-term other borrowings (b)	9,174,679	7,437,298
Short-term bank borrowings (a)	290,000	744,590
Short-term other borrowings (b)	1,643,057	140,000
Total current borrowings	15,424,825	9,999,137
<b>Total borrowings</b>	<b>88,575,079</b>	<b>61,032,154</b>

- (a) As at 31 December 2018, bank borrowings amounting to RMB9,290,840,000 were secured by investment properties, properties under development, completed properties held for sale and equity interest in certain subsidiaries of the Group.

As at 31 December 2017, bank borrowings amounting to RMB7,085,353,000 were secured by investment properties, properties under development, completed properties held for sale and equity interest in a certain subsidiary of the Group.

### 33 BORROWINGS (Continued)

#### (b) Other borrowings

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
Bond issuance (i)	<b>26,396,455</b>	18,928,406
Guaranteed notes (ii)	<b>21,089,256</b>	15,485,288
Borrowings from trust companies (iii)	<b>8,892,400</b>	10,345,060
Asset-backed securitisation (iv)	<b>5,689,247</b>	–
	<b>62,067,358</b>	44,758,754
Less: non-current portion	<b>(51,249,622)</b>	(37,181,456)
Current portion	<b>10,817,736</b>	7,577,298

(i) In 2018, Sino-Ocean Holding Group (China) Limited, a wholly owned subsidiary of the Company, issued bonds with a total principal amount of RMB2,000,000,000 with maturity period of 5 years and annual interest rate of 4.7%.

In 2018, the Company issued Medium-term Notes in an aggregate amount of RMB6,000,000,000 in two series: (i) RMB3,000,000,000 with coupon rate of 5.87% per year of a term of three years; (ii) RMB3,000,000,000 with coupon rate of 5.95% per year of a term of three years.

In 2017, the Company issued the first tranche Medium-term Notes in an aggregate amount of RMB4,000,000,000 in two series: (i) RMB2,000,000,000 with coupon rate of 4.77% per year of a term of three years; (ii) RMB2,000,000,000 with coupon rate of 5.05% per year of a term of five years.

In 2017, Sino-Ocean Holding Group (China) Limited, a wholly owned subsidiary of the Company, issued bonds with a total principal amount of RMB1,000,000,000 with maturity period of 5 years and annual interest rate of 5.29%.

In 2016, Sino-Ocean Holding Group (China) Limited, a wholly owned subsidiary of the Company, issued bonds with a total principal amount of RMB4,000,000,000 with maturity period of 5 years and annual interest rate of 3.50%.

In 2015, Sino-Ocean Holding Group (China) Limited, a wholly owned subsidiary of the Company, issued bonds with a total principal amount of RMB10,000,000,000. The first phase of the bonds is issued in August with an aggregate principal amount of RMB5,000,000,000 in three series: (i) RMB2,000,000,000 with maturity period of 5 years and annual interest rate of 3.78%; (ii) RMB1,500,000,000 with maturity period of 7 years and annual interest rate of 4.15%; (iii) RMB1,500,000,000 with maturity period of 10 years and annual interest rate of 5.00%. The second phase of the bonds is issued in October with an aggregate principal amount of RMB5,000,000,000 in two series: (i) RMB2,000,000,000 with maturity period of 6 years and annual interest rate of 3.85%; (ii) RMB3,000,000,000 with maturity period of 10 years and annual interest rate of 4.76%. The bonds are unsecured.

### 33 BORROWINGS (Continued)

#### (b) Other borrowings (Continued)

- (ii) In July 2018, Sino-Ocean Land Treasure Finance IV Limited, a wholly-owned subsidiary, issued a guaranteed note with principal amount of USD700,000,000 at interest rate equal to three-month USD London Interbank Offered Rate plus 2.30% due in 2021 (the "2021 Notes"). The Notes are unsecured and are guaranteed by the Company.

In January 2015, Sino-Ocean Land Treasure Finance II Limited, a wholly-owned subsidiary, issued a guaranteed note with principal amount of USD500,000,000 at a rate of 5.95% per annum due in 2027 (the "2027 Notes") and another note with principal amount of USD700,000,000 at a rate of 4.45% per annum due in 2020 (the "2020 Notes"). The notes are unsecured and guaranteed by the Company.

In July 2014, Sino-Ocean Land Treasure Finance I Limited, a wholly-owned subsidiary, issued a guaranteed note with principal amount of USD500,000,000 at a rate of 4.625% per annum due in 2019 (the "2019 Notes") and another note with principal amount of USD700,000,000 at a rate of 6.00% per annum due in 2024 (the "2024 Notes").

- (iii) Such loans bear interest rate from 4.50% to 9.3% per annum, and RMB3,480,000,000 of the loan portion (2017: RMB6,755,000,000) repayable after one year are included in non-current portion.

As at 31 December 2018, loans amounting to RMB80,000,000 were secured by properties under development and equity interests in a certain subsidiary of the Group.

As at 31 December 2017, loans amounting to RMB3,575,060,000 were secured by investment properties, properties under development and equity interests in a certain subsidiary of the Group.

- (iv) In October 2018, Sino-Ocean Holding Group (China) Limited entered into asset-backed special agreement with a third-party financing company in the form of asset securitisation. Asset-backed securities are divided into priority level and subprime level with total principal of RMB310,000,000 and RMB100,000,000 respectively. The Group repurchased all the subprime level asset-backed securities in the year ended 31 December 2018. As at 31 December 2018, RMB310,000,000 of the principal remained outstanding.

In September 2018, Sino-Ocean Holding Group (China) Limited entered into asset-backed special agreement with a third-party financing company in the form of asset securitisation. Asset-backed securities are divided into priority level and subprime level with total principal of RMB2,710,000,000 and RMB143,000,000 respectively. The Group repurchased all the subprime level asset-backed securities in the year ended 31 December 2018. The priority level securities were guaranteed by Sino-Ocean Holding Group (China) Limited, and secured by property, plant and equipment, land use rights and investment properties of the Group. As at 31 December 2018, RMB2,686,189,000 of the principal remained outstanding.

In April 2018, Ocean Homeplus Property Service Corporation Limited, a wholly-owned subsidiary of the Company, entered into asset-backed special agreement with a third-party financing company in the form of asset securitisation. Asset-backed securities are divided into priority level and subprime level with total principal of RMB3,000,000,000 and RMB158,000,000 respectively. The Group repurchased all the subprime level asset-backed securities in the year ended 31 December 2018. The priority level securities were guaranteed by Sino-Ocean Holding Group (China) Limited. As at 31 December 2018, RMB2,693,058,000 of the principal remained outstanding.

### 33 BORROWINGS (Continued)

(c) The maturities of the Group's total borrowings at respective balance sheet dates are set out as follows:

	As at 31 December	
	2018	2017
	Bank and other borrowings RMB'000	Bank and other borrowings RMB'000
Total borrowings		
— Within 1 year	<b>15,424,825</b>	9,999,137
— Between 1 and 2 years	<b>12,637,458</b>	13,816,677
— Between 2 and 5 years	<b>46,230,681</b>	23,640,727
— Over 5 years	<b>14,282,115</b>	13,575,613
	<b>88,575,079</b>	61,032,154

(d) The Group's borrowings denominated in RMB, HKD and USD respectively are set out as follows:

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
Denominated in:		
— RMB	<b>54,765,202</b>	37,018,111
— HKD	<b>8,967,212</b>	4,689,083
— USD	<b>24,842,665</b>	19,324,960
	<b>88,575,079</b>	61,032,154

### 33 BORROWINGS (Continued)

- (e) The weighted average effective interest rates at the respective balance sheet dates are set out as follows:

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
Bank borrowings	4.92%	4.56%
Other borrowings	5.55%	5.40%

- (f) The exposure of the Group's borrowings to interest-rate changes and the contractual repricing dates are as follows:

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
Within 6 months	20,220,569	12,648,041
Between 6 and 12 months	8,041,900	6,862,660
Between 1 and 5 years	60,312,610	41,521,453
	<b>88,575,079</b>	61,032,154

- (g) The fair value of non-current borrowings approximate their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate of 4.92% (2017: 4.56%) and are within Level 2 of the fair value hierarchy.



### 34 DEFERRED INCOME TAX

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

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
Deferred income tax assets:		
— to be recovered after more than 12 months	894,193	703,959
— to be recovered within 12 months	251,281	275,136
	<b>1,145,474</b>	979,095
Deferred income tax liabilities:		
— to be recovered after more than 12 months	(2,235,274)	(2,853,395)
— to be recovered within 12 months	(445,615)	(396,354)
	<b>(2,680,889)</b>	(3,249,749)
Deferred income tax liabilities, net	<b>(1,535,415)</b>	(2,270,654)

The gross movement on the deferred income tax account is as follows:

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
At beginning of the year	2,270,654	1,649,471
Effects of the adoption of HKFRS 15	30,669	—
Recognized in the income statement (Note 43)	106,855	(28,036)
(Credited)/Charged to other comprehensive income	(5,715)	43,383
Acquisition of subsidiaries (Note 50)	170,688	605,836
Disposal of interests in subsidiaries	(1,037,736)	—
At end of the year	<b>1,535,415</b>	2,270,654

### 34 DEFERRED INCOME TAX (Continued)

The movement in deferred income tax assets and liabilities during the years ended 31 December 2018 and 2017, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

#### Deferred income tax assets

	Recognition of expenses	Unrealized gains	Tax losses	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>At 1 January 2018</b>	<b>790,690</b>	<b>64,060</b>	<b>276,159</b>	<b>-</b>	<b>1,130,909</b>
Credited/(charged) to income statement	425,292	(64,060)	(167,187)	-	194,045
Acquisition of a subsidiary (Note 50)	-	-	-	3,003	3,003
Disposal of interests in subsidiaries	(37,252)	-	-	-	(37,252)
<b>At 31 December 2018</b>	<b>1,178,730</b>	<b>-</b>	<b>108,972</b>	<b>3,003</b>	<b>1,290,705</b>
At 1 January 2017	639,310	177,037	287,899	6,207	1,110,453
Credited/(charged) to income statement	151,380	(112,977)	(52,261)	-	(13,858)
Acquisition of subsidiaries	-	-	40,521	-	40,521
Credited to other comprehensive income	-	-	-	(6,207)	(6,207)
At 31 December 2017	790,690	64,060	276,159	-	1,130,909

## 34 DEFERRED INCOME TAX (Continued)

### Deferred income tax liabilities

	Depreciation difference	Investment properties revaluation	Property revaluation	Unrealized gain	Recognition of revenue over the period	Withholding taxes	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>At 1 January 2018</b>	(55,037)	(2,339,936)	(711,062)	-	-	(237,887)	(57,641)	(3,401,563)
Effects of the adoption of HKFRS 15	-	-	-	-	(30,669)	-	-	(30,669)
(Charged)/credited to income statement	-	(484,695)	401,597	(55,860)	(155,727)	-	(6,215)	(300,900)
Acquisition of subsidiaries (Note 50)	-	-	(173,691)	-	-	-	-	(173,691)
Disposal of interests in subsidiaries	-	1,074,988	-	-	-	-	-	1,074,988
Credited to other comprehensive income	-	-	-	-	-	-	5,715	5,715
<b>At 31 December 2018</b>	(55,037)	(1,749,643)	(483,156)	(55,860)	(186,396)	(237,887)	(58,141)	(2,826,120)
At 1 January 2017	(55,037)	(2,183,815)	(458,918)	-	-	(44,969)	(17,185)	(2,759,924)
(Charged)/credited to income statement	-	(156,121)	394,213	-	-	(192,918)	(3,280)	41,894
Acquisition of subsidiaries	-	-	(646,357)	-	-	-	-	(646,357)
Charged to other comprehensive income	-	-	-	-	-	-	(37,176)	(37,176)
At 31 December 2017	(55,037)	(2,339,936)	(711,062)	-	-	(237,887)	(57,641)	(3,401,563)

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related benefit through the future profits is probable. These tax losses are going to expire within five years. The Group did not recognize deferred income tax assets of RMB665,972,000 (2017: RMB407,392,000) in respect of losses amounting to RMB2,663,888,000 (2017: RMB1,629,568,000) that can be carried forward against future taxable income.

At 31 December 2018, the Group recognized deferred tax liabilities of approximately RMB237,887,000 (2017: RMB237,887,000) for withholding taxes that would be payable on the unremitted earnings of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that the remaining available unremitted earnings of the Group's subsidiaries will be distributed in the foreseeable future according to the distribution and reinvestment plans of the Group. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognized totaled approximately RMB5,508,584,000 at 31 December 2018 (2017: RMB3,190,893,000).

### 35 TRADE AND OTHER PAYABLES

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
Trade payables	<b>18,290,208</b>	13,622,488
Accrued expenses	<b>3,135,060</b>	3,020,211
Amounts due to joint ventures (i)	<b>9,388,039</b>	8,630,367
Amounts due to associates (i)	<b>4,274,001</b>	829,939
Amounts due to non-controlling interests (i)	<b>7,422,527</b>	252,692
Amounts due to government	<b>72,114</b>	74,140
Other taxes payable	<b>1,733,417</b>	1,002,792
Deposits received	<b>5,160,682</b>	3,527,434
Other payables	<b>9,889,553</b>	6,926,770
	<b>59,365,601</b>	37,886,833
Less: non-current portion	<b>(167,531)</b>	(6,895)
Current portion	<b>59,198,070</b>	37,879,938

The carrying amounts of trade payables and other payables approximate their fair values.

- (i) Amounts due to joint ventures, associates and non-controlling interests are unsecured, interest free, and repayable on demand.

### 35 TRADE AND OTHER PAYABLES (Continued)

- (ii) An ageing analysis of the trade payables (including amounts due to related parties of trading in nature) is as follows:

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
Within 6 months	<b>8,481,970</b>	5,561,251
Between 6 months to 12 months	<b>4,684,871</b>	3,096,831
Between 1 year to 2 years	<b>3,783,846</b>	2,404,487
Between 2 years to 3 years	<b>709,919</b>	2,151,475
Over 3 years	<b>629,602</b>	408,444
	<b>18,290,208</b>	13,622,488

### 36 CONTRACT LIABILITIES

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
Advances receipts directly coming from customers	<b>26,723,236</b>	–
Others (a)	<b>66,501</b>	–
	<b>26,789,737</b>	–

- (a) This represented cash received from a trust set up by a financial institution in the PRC, under which the Group has assigned to the trust the right of receipt of the sale proceeds of certain properties to be delivered by the Group. Under the assigned arrangement, the Group has no contractual obligation to repay cash or other financial assets to the trust.

### 37 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
Derivatives-held for trading		
Forward foreign exchange contracts	146,939	–
	146,939	–

The notional principal amount of forward foreign exchange contracts at 31 December 2018 was RMB10,198,715,000, these contracts will mature during the year from 2019 to 2022.

### 38 INTEREST AND OTHER INCOME

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
Interest income:		
— Interest income from bank deposits	150,030	209,936
— Interest income from entrusted loans	2,039,453	825,095
Dividend income	300,082	25,105
Others	53,119	56,286
	2,542,684	1,116,422

### 39 OTHER GAINS — NET

	Year ended 31 December	
	2018 RMB'000	2017 RMB'000
Gains/(losses) on disposal of interests in subsidiaries	<b>2,097,238</b>	(24,694)
Payment for the settlement of contracted obligations (a)	<b>(730,000)</b>	–
Gains on deemed disposal of joint ventures and associates	<b>265,701</b>	753,361
Gains on disposal of available-for-sale financial assets	–	124,635
Losses on disposal of financial assets at fair value through profit or loss	<b>(9,975)</b>	(24,270)
Gains/(losses) on revaluation of financial assets and financial liabilities at fair value through profit or loss	<b>269,543</b>	(336,221)
Exchange (losses)/gains	<b>(576,232)</b>	382,773
Gains/(losses) on disposal of investment properties	<b>8,147</b>	(2,870)
Gains/(losses) on disposal of property, plant and equipment	<b>4,921</b>	(619)
Negative goodwill on business combinations	<b>2,636</b>	62,947
Gains on disposal of joint ventures and associates	<b>57</b>	93,726
Losses on deemed disposal of available-for-sale financial assets	–	(15,876)
Other gains/(losses)	<b>7,924</b>	(37,649)
	<b>1,339,960</b>	975,243

- (a) This represents a payment to a third party for settlement of certain contracted obligations which cannot be performed by the Group.

## 40 EXPENSES BY NATURE

Expenses by nature comprised cost of sales, selling and marketing expenses and administrative expenses as follows:

	Year ended 31 December	
	2018 RMB'000	2017 RMB'000
Cost of properties and land use rights sold:		
— Land use rights	12,102,063	12,997,478
— Capitalized interest	4,591,681	3,002,938
— Construction related cost	12,115,758	15,114,873
Cost of up fitting services rendered	1,754,801	1,163,430
Direct investment property expenses (Note 12)	205,632	190,108
Employee benefit expense (Note 41)	1,426,520	1,367,843
Consultancy fee	381,329	271,432
Auditor's remuneration	11,600	11,600
— Audit services	8,800	8,800
— Non-audit services	2,800	2,800
Depreciation (Note 8)	76,665	44,902
Amortization of land use rights and intangible asset (Note 9, Note 10)	19,275	2,601
Advertising and marketing	990,452	563,709
Business taxes and other levies	405,036	773,928
Impairment charges	781,869	96,628
Derecognition of goodwill (Note 11)	154,510	35,809
Office expenditure	175,259	132,164
Properties maintenance expenses	702,020	577,532
Energy expenses	145,659	122,972
Others	31,232	169,271
	<b>36,071,361</b>	<b>36,639,218</b>



## 41 EMPLOYEE BENEFITS EXPENSE

The employee benefits expense of the Group, including its directors' emoluments is as follows:

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
Salaries, wages and bonuses	<b>2,000,065</b>	1,712,535
Retirement benefits contribution	<b>198,041</b>	126,724
Share options granted to directors and employees (Note 29)	<b>64,955</b>	66,784
Restricted Share Award Scheme (Note 29)	<b>6,725</b>	35,769
Other allowances and benefits	<b>295,267</b>	294,085
	<b>2,565,053</b>	2,235,897
Less: capitalized in properties under development	<b>(1,138,533)</b>	(868,054)
	<b>1,426,520</b>	1,367,843

The Group's employees participate in various retirement benefit plans organized by the relevant municipal and provincial government in the PRC under which the Group was required to make monthly contributions at rates ranging from 10% to 20%, depending on the applicable local regulations, of the employees' salary for the years ended 31 December 2018 and 2017.

In addition, the Group participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme for all employees in Hong Kong. The contributions to the Mandatory Provident Fund Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income (with a cap of HKD30,000).

## 41 EMPLOYEE BENEFITS EXPENSE (Continued)

### (a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2017: four) directors whose emoluments are reflected in the analysis shown in Note 54. The emoluments payable to the remaining three (2017: one) highest paid individuals during the year are as follows:

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
Basic salaries and allowance	5,100	2,600
Bonuses	900	–
Retirement scheme contributions	376	114
Share-based payments	13,647	4,558
	<b>20,023</b>	<b>7,272</b>

The emoluments fell within the following bands:

	Year ended 31 December	
	2018	2017
RMB5,992,000(equivalent to HKD7,000,000) to RMB6,848,000(equivalent to HKD8,000,000)	2	1
RMB6,848,000(equivalent to HKD8,000,000) to RMB7,704,000(equivalent to HKD9,000,000)	1	–
	<b>3</b>	<b>1</b>

- (b) During the years ended 31 December 2018 and 2017, no emoluments were paid by the Group to any of the above directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for losses of office.

## 42 FINANCE COSTS

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
Interest expense:		
— Bank borrowings	1,081,121	696,551
— Other borrowings	3,128,758	2,490,530
Less: interest capitalized at a capitalization rate of 5.38% (2017: 5.19%) per annum	(2,435,119)	(2,013,196)
	<b>1,774,760</b>	1,173,885

## 43 INCOME TAX EXPENSE

Majority of the Group entities are subjected to PRC enterprise income tax, which has been provided based on the statutory income tax rate of 25% of the assessable income of each of these Group entities for the years ended 31 December 2018 and 2017. Other Group entities are mainly subject to Hong Kong profits tax.

The amount of income tax expense charged to the income statement represents:

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
Current income tax:		
— PRC enterprise income tax	2,952,542	3,096,457
— PRC land appreciation tax	3,250,003	2,095,322
Deferred income tax (Note 34)	106,855	(28,036)
	<b>6,309,400</b>	5,163,743

### 43 INCOME TAX EXPENSE (Continued)

Taxation on the Group's profit before tax differs from the theoretical amount that would arise using the enacted tax rate of the home country of the Group as follows:

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
Profit before income tax	10,975,221	11,422,410
Adjust for: Share of results of joint ventures	(1,103,464)	(802,213)
Share of results of associates	(52,065)	(63,967)
	9,819,692	10,556,230
Tax calculated at a tax rate of 25%	2,454,923	2,639,058
Effect of higher tax rate for the appreciation of land in the PRC	2,437,502	1,571,492
Income not subject to tax	(87,306)	(6,276)
Expenses not deductible for tax purposes	776,387	344,867
Dividend withholding tax	–	350,645
Tax losses not recognized	436,808	206,996
Utilization of previously unrecognized tax losses and expenses	(184,049)	(26,303)
Reversal of previously recognized deferred income tax assets	103,757	1,115
Deductible temporary differences not recognized	195,188	82,149
Effect of tax adjustment due to disposal of interest in a subsidiary (i) (Note 49(b))	176,190	–
Income tax expense	6,309,400	5,163,743

(i) This is the income tax adjustment for the gains due to disposal of interest in a subsidiary.

## 44 EARNINGS PER SHARE

### (a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company and held as share held for Restricted Share Award Scheme (Note 27).

	Year ended 31 December	
	2018	2017
Profit attributable to owners of the Company (RMB'000)	<b>3,573,745</b>	5,115,405
Profit used to determine basic earnings per share (RMB'000)	<b>3,573,745</b>	5,115,405
Weighted average number of ordinary shares in issue (thousands)	<b>7,553,266</b>	7,517,481
Basic earnings per share (RMB per share)	<b>0.473</b>	0.680

### (b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to, assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: share options and shares held for the Restricted Share Award Scheme. For the share options and shares held for the Restricted Share Award Scheme, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares during the year) based on the monetary value of the subscription rights attached to outstanding share options and awarded shares. The number of shares calculated as follow is compared with the number of shares that would have been issued assuming the exercise of the share options and awarded shares.

## 44 EARNINGS PER SHARE (Continued)

### (b) Diluted (Continued)

	Year ended 31 December	
	2018	2017
Profit attributable to owners of the Company (RMB'000)	<b>3,573,745</b>	5,115,405
Profit used to determine diluted earnings per share (RMB'000)	<b>3,573,745</b>	5,115,405
Weighted average number of ordinary shares in issue (thousands)	<b>7,553,266</b>	7,517,481
Adjustment for:		
— share options (thousands)	<b>38,454</b>	24,078
— shares held for the Restricted Share Award scheme (thousands)	<b>4,629</b>	6,056
Weighted average number of ordinary shares for diluted earnings per share (thousands)	<b>7,596,349</b>	7,547,615
Diluted earnings per share (RMB per share)	<b>0.470</b>	0.678

## 45 DIVIDENDS

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
Interim dividend paid	<b>938,280</b>	1,072,542
Proposed final dividend of RMB0.062 (2017: RMB0.125) per ordinary share (a)	<b>474,979</b>	948,191

- (a) On 20 March 2019, the Company proposed a final dividend of RMB474,979,000 for the year ended 31 December 2018.

## 46 CASH FLOW INFORMATION

### (a) Cash generated from operations

	Year ended 31 December	
	2018 RMB'000	2017 RMB'000
Profit for the year	4,665,821	6,258,667
Adjustments for:		
— Income tax expense (Note 43)	6,309,400	5,163,743
— Depreciation (Note 8)	76,665	44,902
— Amortization of land use rights (Note 9)	3,417	2,601
— Amortization of Intangible assets (Note 10)	15,858	—
— Valuation gains on investment properties (Note 12)	(2,361,070)	(440,199)
— Share of results of joint ventures (Note 14)	(1,030,107)	(759,124)
— Share of results of associates (Note 15)	44,880	(44,897)
— Gains on disposal of joint ventures (Note 39)	(57)	(20,941)
— Gains on disposal of an associate	—	(72,785)
— Gains on deemed disposal of joint ventures and an associate (Note 39)	(265,701)	(753,361)
— Dividend income (Note 38)	(300,082)	(25,105)
— Interest income	(2,188,857)	(878,352)
— (Gains)/losses on disposal of interests in subsidiaries (Note 39)	(2,097,238)	24,694
— Gains on disposal of financial assets at fair value through profit or loss (Note 39)	(3,377)	—
— Gains on disposal of available-for-sale financial assets (Note 39)	—	(124,635)
— (Gains)/losses on sale of property, plant and equipment (Note 39)	(4,921)	619
— Fair value (gains)/losses on financial assets and financial liabilities at fair value through profit or loss (Note 39)	(269,543)	336,221
— Impairment charges (Note 40)	781,869	96,628
— Derecognition of goodwill (Note 11)	154,510	35,809
— Finance costs (Note 42)	1,774,760	1,173,885
— Gains on acquisition of a subsidiary (Note 39)	(2,636)	(62,947)
— (Gains)/losses on disposal of an investment property (Note 39)	(8,147)	2,870
— Loss on deemed disposal of available for sale financial assets (Note 39)	—	15,876
— Exchange gains	(290,263)	218,176
— Share-based payments (Note 29)	71,680	103,044
	5,076,861	10,295,389

## 46 CASH FLOW INFORMATION (Continued)

### (a) Cash generated from operations (Continued)

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):		
— Completed properties held for sale	(2,851,035)	1,992,286
— Inventories, at cost	70,073	(54,125)
— Amounts due from customers for contract work	(1,764,263)	25,047
— Trade and other receivables and prepayments	(10,122,644)	(6,824,137)
— Land development cost recoverable	(304,720)	1,172,515
— Prepayments for land use rights	5,377,414	(1,524,638)
— Trade and other payables	16,726,110	(5,185,273)
— Financial assets at fair value through profit or loss	23,234	4,351
— Advance receipts from customers	3,297,544	(9,396,602)
— Properties under development	(7,490,906)	15,100,405
— Restricted bank deposits	(565,345)	490,919
Cash generated from operations	7,472,323	6,096,137



## 46 CASH FLOW INFORMATION (Continued)

(b) In the consolidated cash flow statement, proceeds from sale of property, plant and equipment comprise:

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
Net book amount (Note 8)	<b>9,097</b>	34,056
Gains/(losses) on disposal of property, plant and equipment (Note 39)	<b>4,921</b>	(619)
Proceeds from disposal of property, plant and equipment	<b>14,018</b>	33,437

### (c) The reconciliation of liabilities from financing activities

This section sets out an analysis of liabilities from financing activities and the movements in liabilities from financing activities for each of the periods presented.

	2018	2017
	RMB'000	RMB'000
Borrowings — repayable within one year (Note 33)	<b>(15,424,825)</b>	(9,999,137)
Borrowings — repayable after one year (Note 33)	<b>(73,150,254)</b>	(51,033,017)
Net debt	<b>(88,575,079)</b>	(61,032,154)
Gross debt — fixed interest rates	<b>(60,652,610)</b>	(41,961,453)
Gross debt — variable interest rates	<b>(27,922,469)</b>	(19,070,701)
Net debt	<b>(88,575,079)</b>	(61,032,154)

## 46 CASH FLOW INFORMATION (Continued)

### (c) The reconciliation of liabilities from financing activities(Continued)

	Liabilities from financing activities		
	Borrowing due within 1 year	Borrowing due after 1 year	Total
	RMB'000	RMB'000	RMB'000
Net debt at 31 December 2017	(9,999,137)	(51,033,017)	(61,032,154)
Cash flows	(3,739,828)	(22,181,693)	(25,921,521)
Increase due to business combination (Note 50)	(1,190,000)	(694,320)	(1,884,320)
Decrease due to disposal of interests in subsidiaries	35,000	1,640,707	1,675,707
Foreign exchange adjustments	(494,603)	(838,730)	(1,333,333)
Other non-cash movements	(36,257)	(43,201)	(79,458)
Net debt at 31 December 2018	(15,424,825)	(73,150,254)	(88,575,079)

Other non-cash movement is mainly the reclassification of long-term borrowing and borrowing within 1 year and the amortization of issuing cost of bond and guaranteed notes.

## 47 FINANCIAL GUARANTEES

- (a) The Group had the following financial guarantees as 31 December 2018 and 2017:

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
Guarantees in respect of mortgage facilities for certain purchasers	<b>8,158,848</b>	10,551,985

As at 31 December 2018 and 2017, 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. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends when the property purchasers obtain the "property title certificate" which is then pledged with the banks.

- (b) As at 31 December 2018, the Group provided joint-liability guarantees in respect of borrowings granted by certain financial institutions to joint ventures and associates amounting to RMB1,708,143,000 (2017: RMB2,508,293,000). Properties under development owned by these joint ventures and associates are the primary collateral of such borrowings.

## 48 COMMITMENTS

### (a) Capital commitments

Capital commitments in respect of development costs attributable to properties under development and land use rights at the balance sheet date but not yet incurred are as follows:

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
Properties under development	5,906,409	5,468,763
Commitment of Investment	717,286	415,385
Contracted but not provided for	6,623,695	5,884,148

### (b) Operating lease rental receivables

The future aggregate minimum lease rental receivables under non-cancellable operating leases in respect of land and buildings are as follows:

	As at 31 December	
	2018	2017
	RMB'000	RMB'000
Within 1 year	855,125	919,826
Between 1 to 5 years	1,085,355	1,397,777
Over 5 years	1,347,351	779,966
	3,287,831	3,097,569

## 49 DISPOSAL OF INTERESTS IN SUBSIDIARIES

During the year, the significant disposal of interests in subsidiaries of the Group are presented as below:

### (a) Disposal of Project Companies

In December 2018, the Group entered into an agreement with GSUM-Sino-Ocean Group No.1 Private Investment Fund, a joint venture of the Group, to dispose of 100% equity interests in Beijing Rui Hui Commercial Management Co., Ltd., Beijing Rui Hong Commercial Management Co., Ltd. and Tianjin Yuan Chi Property Development Co., Ltd. (together, "Project Companies"), the subsidiaries of the Group, at a total consideration of RMB1,437,909,000. Upon completion of the disposal, the Group lost control over Project Companies as it has no power to govern the financial and operating policies of Project Companies.

The effect of disposal of interest in the subsidiary on the equity attributable to owners of the Company during the period is summarized as follows:

	<b>2018</b>
	<b>RMB'000</b>
Proceeds received in cash on disposal of interest in the subsidiary	<b>1,437,909</b>
Carrying value of the Project Companies' net assets disposed — shown as below	<b>(1,181,974)</b>
Gains on disposal of interest in Project Companies that resulted in loss of control	<b>255,935</b>

## 49 DISPOSAL OF INTERESTS IN SUBSIDIARIES (Continued)

### (a) Disposal of Project Companies (Continued)

The assets and liabilities disposed of are as follows:

	2018
	RMB'000
Cash and cash equivalents	108,121
Property, plant and equipment	8,751
Investment properties	2,892,000
Completed properties held for sale	19,837
Trade and other receivables and prepayments	81,736
Trade and other payables	(1,910,976)
Income tax payables	(3,073)
Contract liabilities	(7,731)
Deferred income tax liabilities	(6,691)
Net assets disposed	1,181,974
<b>Inflow of cash to dispose the subsidiaries, net of cash disposed</b>	
Proceeds received in cash	1,437,909
Cash and cash equivalents in the subsidiaries disposed of	(108,121)
Net cash inflow on disposal	1,329,788

## 49 DISPOSAL OF INTERESTS IN SUBSIDIARIES (Continued)

### (b) Disposal of Cityshine

In December 2018, the Group entered into an agreement with SOL Property Fund GP II Limited (“SPF II”), a joint venture of the Group, to dispose of 94% equity interests in Cityshine Holdings Limited and its subsidiaries (“together, Cityshine”), a subsidiary of the Group, at a consideration of RMB5,383,816,000. Upon completion of the disposal, the Group retains 6% equity interests in Cityshine, and the Group lost control over Cityshine as it has no power to govern the financial and operating policies of Cityshine.

The effect of disposal of interest in the subsidiary on the equity attributable to owners of the Company during the period is summarized as follows:

	2018 RMB'000
Proceeds received in cash on disposal of interest in the subsidiary	3,620,344
Proceeds deemed as capital injection to SPF II	900,000
Receivable on disposal of interest in Cityshine	863,472
Fair value of the Group’s remaining interests	361,542
Carrying value of the Cityshine’s net assets disposed — shown as below	(3,836,048)
Gains on disposal of interest in Cityshine that resulted in loss of control	1,909,310

## 49 DISPOSAL OF INTERESTS IN SUBSIDIARIES (Continued)

### (b) Disposal of Cityshine (Continued)

The assets and liabilities disposed of are as follows:

	2018
	RMB'000
Cash and cash equivalents	17,487
Property, plant and equipment	589
Investment properties	5,419,000
Properties under development	23,887
Trade and other receivables and prepayments	1,578,081
Trade and other payables	(447,119)
Borrowings	(1,634,713)
Income tax payables	(8,538)
Contract liabilities	(44,329)
Deferred income tax liabilities	(1,068,297)
Net assets disposed	3,836,048
<b>Inflow of cash to dispose a subsidiary, net of cash disposed</b>	
Proceeds received in cash	3,620,344
Cash and cash equivalents in the a subsidiary disposed of	(17,487)
Net cash inflow on disposal	3,602,857



## 50 BUSINESS COMBINATIONS

During the year, the significant business combinations of the Group are presented as below:

### (a) Acquisition of Max Star

On 1 July 2018, the Group acquired 12% of the equity interests of Max Star Enterprise Limited and its subsidiaries (together, "Max Star"), at a consideration of RMB199,322,000. As a result of the acquisition, the equity interests of Max Star held by the Group are from 38% to 50%. It became a subsidiary from an associate of the Group.

The following table summarises the consideration paid for Max Star, the fair value of assets acquired and liabilities assumed at the acquisition date.

	As at 1 July 2018 RMB'000
Consideration:	
— Consideration transferred	199,322
— Book value of equity Interest in Max Star held before business combination	—
— Deemed disposal gains of equity Interest	71,475
Identifiable net assets acquired	(94,769)
Goodwill	176,028
Recognized amounts of identifiable assets acquired and liabilities acquired	
Cash and cash equivalents	91,140
Property, plant and equipment	936
Properties under development	1,284,680
Completed properties held for sale	232,458
Trade and other receivables and prepayments	2,569,442
Trade and other payables	(1,081,392)
Borrowings	(1,185,000)
Income tax payables	(2,498)
Contract liabilities	(1,649,410)
Deferred income tax liabilities	(70,818)
Non-controlling interests	(94,769)
Total identifiable net assets	94,769

The revenue included in the consolidated income statement since 1 July 2018 contributed by Max Star was RMB1,528,580,000. Max Star also contributed gains of RMB237,400,000 over the same period.

Had Max Star been consolidated from 1 January 2018, the consolidated income statement would show pro-forma revenue of RMB43,090,733,000 and profit of RMB4,915,170,000.

## 50 BUSINESS COMBINATIONS (Continued)

### (b) Acquisition of Zhongshan Yuansheng

On 31 August 2018, the Group acquired 50% of the equity interests of Zhongshan Yuansheng Real Estate Development Co., Ltd., ("Zhongshan Yuansheng"), at a consideration of RMB10,200,000. As a result of the acquisition, the equity interests of Zhongshan Yuansheng held by the Group are from 25% to 75%. It became a subsidiary from a joint venture of the Group.

The following table summarises the consideration paid for Zhongshan Yuansheng, the fair value of assets acquired and liabilities assumed at the acquisition date.

	As at 31 August 2018
	RMB'000
Consideration:	
— Consideration transferred	10,200
— Book value of equity Interest in Zhongshan Yuansheng held before business combination	—
— Deemed disposal gains of equity Interest	6,418
Identifiable net assets acquired	(19,254)
Excess of consideration paid recognized in profit or loss as other gains	(2,636)
Recognized amounts of identifiable assets acquired and liabilities acquired	
Cash and cash equivalents	220,574
Property, plant and equipment	33
Properties under development	563,511
Trade and other receivables and prepayments	593,931
Trade and other payables	(97,849)
Borrowings	(586,920)
Income tax payables	(4,253)
Contract liabilities	(658,388)
Deferred income tax liabilities	(4,967)
Non-controlling interests	(6,418)
Total identifiable net assets	19,254

The revenue included in the consolidated income statement since 31 August 2018 contributed by Zhongshan Yuansheng was RMB47,201,000. Zhongshan Yuansheng also contributed gains of RMB30,339,000 over the same period.

Had Zhongshan Yuansheng been consolidated from 1 January 2018, the consolidated income statement would show pro-forma revenue of RMB41,487,525,000 and profit of RMB4,680,050,000.

## 50 BUSINESS COMBINATIONS (Continued)

### (c) Acquisition of Incom Recycle

On 31 March 2018, the Group acquired 30% of the equity interests of Incom Recycle Co., Ltd. ("Incom Recycle"), an environmental technology company in Beijing, at a consideration of RMB278,580,000. As a result of the acquisition, the equity interests of Incom Recycle held by the Group are from 21% to 51%. It became a subsidiary from an associate of the Group.

The following table summarizes the consideration paid for Incom Recycle, the fair value of assets acquired and liabilities assumed at the acquisition date.

	As at 31 March 2018
	RMB'000
Consideration:	
— Consideration transferred	278,580
— Book value of equity interest in Incom Recycle held before business combination	153,798
— Deemed disposal losses of equity interest	(31,935)
Identifiable net assets acquired	(291,237)
Goodwill	109,206
Recognized amounts of identifiable assets acquired and liabilities acquired	
Cash and cash equivalents	28,686
Property, plant and equipment	84,536
Intangible assets	299,938
Inventories, at cost	1,884
Deposits for land use rights	30,300
Trade and other receivables and prepayments	262,931
Trade and other payables	(69,982)
Borrowings	(5,000)
Income tax payables	(90)
Deferred income tax liabilities	(62,150)
Non-controlling interests	(279,816)
Total identifiable net assets	291,237

The revenue included in the consolidated income statement since 31 March 2018 contributed by Incom Recycle was RMB5,720,000. Incom Recycle also contributed loss of RMB21,133,000 over the same period.

Had Incom Recycle been consolidated from 1 January 2018, the consolidated income statement would show pro-forma revenue of RMB41,428,237,000 and profit of RMB4,639,123,000.

## 50 BUSINESS COMBINATIONS (Continued)

### (d) Acquisition of Beijing Yuntai

On 31 May 2018, the Group acquired 95% of the equity interests of Beijing Yuntaishutong Internet Technology Co., Ltd. ("Beijing Yuntai"), a company operating data center infrastructure in Beijing, at a consideration of RMB836,000,000. As a result of the acquisition, Beijing Yuntai became a subsidiary of the Group.

The following table summarizes the consideration paid for Beijing Yuntai, the fair value of assets acquired and liabilities assumed at the acquisition date.

	As at 31 May 2018
	RMB'000
Consideration:	
— Consideration transferred	836,000
Identifiable net assets acquired	(620,742)
Goodwill	215,258
Recognised amounts of identifiable assets acquired and liabilities acquired	
Cash and cash equivalents	22,098
Property, plant and equipment	379,225
Intangible assets	139,730
Inventories, at cost	98
Trade and other receivables and prepayments	564,574
Deferred income tax assets	3,003
Trade and other payables	(310,605)
Borrowings	(107,400)
Contract liabilities	(1,033)
Income tax payables	(521)
Deferred income tax liabilities	(35,756)
Non-controlling interests	(32,671)
Total identifiable net assets	620,742

The revenue included in the consolidated income statement since 31 May 2018 contributed by Beijing Yuntai was RMB90,213,000. Beijing Yuntai also contributed loss of RMB3,671,000 over the same period.

Had Beijing Yuntai been consolidated from 1 January 2018, the consolidated income statement would show pro-forma revenue of RMB41,581,914,000 and profit of RMB4,668,018,000.

## 51 TRANSACTIONS WITH NON-CONTROLLING INTERESTS

- (a) On 28 February 2018, the Group acquired an additional 3.66% of the issued shares of Beijing Incom Resources Recovery Recycling Co. for a purchase consideration of RMB13,237,000. The carrying amount of the non-controlling interests in the Group on the date of acquisition was RMB4,002,000. The Group recognised a decrease in non-controlling interests of RMB4,002,000 and a decrease in equity attributable to owners of the company of RMB9,235,000.

The effect of changes in the ownership interest of the Group on the equity attributable to owners of the company during the year is summarised as follows:

	<b>2018</b>
	<b>RMB'000</b>
Carrying amount of non-controlling interests acquired	<b>4,002</b>
Consideration paid to non-controlling interests	<b>(13,237)</b>
Excess of consideration paid recognized within equity	<b>(9,235)</b>

- (b) On 30 November 2018, the Group acquired an additional 5% of the issued shares of Beijing Yuntaishutong Internet Technology Co., Ltd. for a purchase consideration of RMB40,000,000. The carrying amount of the non-controlling interests in the Group on the date of acquisition was RMB32,446,000. The Group recognised a decrease in non-controlling interests of RMB32,446,000 and a decrease in equity attributable to owners of the company of RMB7,554,000.

The effect of changes in the ownership interest of the Group on the equity attributable to owners of the company during the year is summarised as follows:

	<b>2018</b>
	<b>RMB'000</b>
Carrying amount of non-controlling interests acquired	<b>32,446</b>
Consideration paid to non-controlling interests	<b>(40,000)</b>
Excess of consideration paid recognized within equity	<b>(7,554)</b>

## 51 TRANSACTIONS WITH NON-CONTROLLING INTERESTS (Continued)

- (c) On 31 December 2018, the Group acquired an additional 15% of the issued shares of Shenzhen Le'an Real Estate Co., Ltd. for a purchase consideration of RMB250,108,000. The carrying amount of the non-controlling interests in the Group on the date of acquisition was RMB19,500,000. The Group recognised a decrease in non-controlling interests of RMB19,500,000 and a decrease in equity attributable to owners of the company of RMB230,608,000.

The effect of changes in the ownership interest of the Group on the equity attributable to owners of the company during the year is summarised as follows:

	2018
	RMB'000
Carrying amount of non-controlling interests acquired	19,500
Consideration paid to non-controlling interests	(250,108)
Excess of consideration paid recognized within equity	(230,608)

## 52 RELATED PARTY TRANSACTIONS

Save as disclosed in elsewhere, the following is a summary of significant related party balances and transactions entered into in the ordinary course of business between the Group and its related parties during the years ended 31 December 2018 and 2017:

- (a) Provision of services to:

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
— A shareholder	4,268	7,099
— Joint ventures	442,603	190,090
— Associates	117,355	290,512
	<b>564,226</b>	487,701

Provision of services mainly represent construction service, the terms of which are entered into with related parties in accordance with the terms of agreement.

## 52 RELATED PARTY TRANSACTIONS (Continued)

### (b) Transaction with joint ventures:

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
Gains on disposal of interests in subsidiaries to joint ventures (Note 49)	2,165,245	–

### (c) Key management compensation:

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
Salaries and other short-term employee benefits	45,524	41,660
Post-employment benefits	5,127	14,877
Other long-term welfare	1,125	3,114
Share-based payments	39,638	51,643
	91,414	111,294

## 52 RELATED PARTY TRANSACTIONS (Continued)

- (d) Year-end balances arising from sales and purchases of properties and services and disposal of interests in subsidiaries:

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
Receivables from related parties:		
— A shareholder	34,032	29,801
— Joint ventures	733,492	296,035
— Associates	162,616	47,883
	<b>930,140</b>	<b>373,719</b>
Other receivables from related parties:		
— A joint venture (Note 49(b))	863,472	—
Advance from related parties:		
— Joint ventures	—	157,670
— Associates	2,000	—
	<b>2,000</b>	<b>157,670</b>
Trade payables due to related parties:		
— A joint venture	40,349	—
— An associate	645	196
	<b>40,994</b>	<b>196</b>

- (e) Interest income

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
Interest received:		
— Joint ventures	1,260,161	184,382
— Associates	246,867	84,901
	<b>1,507,028</b>	<b>269,283</b>



## 52 RELATED PARTY TRANSACTIONS (Continued)

### (f) Loans to related parties

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
Joint ventures:		
At 1 January	5,053,855	6,101,800
Loans advanced during year	16,034,558	8,503,832
Loans repayments received	(9,572,324)	(7,381,176)
Decrease due to deemed disposal of joint ventures	–	(2,170,601)
Interest charged	(1,260,161)	(184,382)
Interest received	1,260,161	184,382
At 31 December (Note 22(b)(ii))	11,516,089	5,053,855
Associates:		
At 1 January	580,306	617,106
Loans advanced during year	831,639	772,485
Loans repayments received	(282,690)	(809,285)
Interest charged	(246,867)	(84,901)
Interest received	246,867	84,901
At 31 December (Note 22(b)(iii))	1,129,255	580,306

## 52 RELATED PARTY TRANSACTIONS (Continued)

### (g) Amounts due from related parties

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
Joint ventures:		
At 1 January	15,944,187	4,519,138
Amounts advanced during year	39,973,775	32,748,107
Repayments during year	(39,996,703)	(21,353,478)
Increase due to disposal of interests in subsidiaries	677,128	30,420
At 31 December (Note 22(b)(v))	16,598,387	15,944,187
Associates:		
At 1 January	7,638,158	2,828,199
Amounts advanced during year	8,937,168	8,471,885
Repayments during year	(8,395,521)	(3,042,371)
Increase due to deemed disposal of associates	1,543,354	–
Decrease due to deemed disposal of an associate	–	(619,555)
At 31 December (Note 22(b)(v))	9,723,159	7,638,158

### (h) Loans from related parties

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
Joint ventures:		
At 1 January	–	66,001
Repayments during year	–	(66,001)
Interest charged	–	2,310
Interest paid	–	(2,310)
At 31 December	–	–

## 52 RELATED PARTY TRANSACTIONS (Continued)

### (i) Amounts due to related parties

	Year ended 31 December	
	2018	2017
	RMB'000	RMB'000
Joint ventures:		
At 1 January	<b>8,630,367</b>	8,569,751
Amounts advanced during year	<b>20,207,116</b>	13,399,915
Repayments during year	<b>(19,860,843)</b>	(8,322,484)
Decrease due to deemed disposal of joint ventures	–	(5,016,815)
Increase due to disposal of interest in a subsidiary	<b>411,399</b>	–
At 31 December (Note 35(i))	<b>9,388,039</b>	8,630,367
Associates:		
At 1 January	<b>829,939</b>	615,192
Amounts advanced during year	<b>6,595,957</b>	2,600,362
Repayments during year	<b>(3,056,015)</b>	(766,319)
Decrease due to disposal of interest in a subsidiary	<b>(95,880)</b>	–
Decrease due to deemed disposal of an associate	–	(1,619,296)
At 31 December (Note 35(i))	<b>4,274,001</b>	829,939

## 53 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

### Balance sheet of the Company

	Note	As at 31 December	
		2018 RMB'000	2017 RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in subsidiaries		3,427,259	3,505,349
<b>Current assets</b>			
Amounts due from subsidiaries		35,251,808	29,402,205
Other receivables		2,060	2,060
Cash and cash equivalents		11,698	33,346
		35,265,566	29,437,611
<b>Total assets</b>		<b>38,692,825</b>	<b>32,942,960</b>
<b>EQUITY</b>			
Capital	(a)	27,328,810	27,129,614
Reserves	(b)	395,854	435,309
Retained earnings	(c)	483,576	1,148,176
<b>Total equity</b>		<b>28,208,240</b>	<b>28,713,099</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		9,974,458	3,984,468
<b>Current liabilities</b>			
Other payables		510,127	245,393
		510,127	245,393
<b>Total liabilities</b>		<b>10,484,585</b>	<b>4,229,861</b>
<b>Total equity and liabilities</b>		<b>38,692,825</b>	<b>32,942,960</b>

Approved by the Board of Directors on 20 March 2019

**LI Ming**  
Executive Director

**SUM Pui Ying**  
Executive Director

## 53 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

### (a) Capital movement of the Company

	RMB'000
<b>At 1 January 2018</b>	<b>27,129,614</b>
Issue of shares pursuant to exercise of employee share options	<b>197,298</b>
Vesting of shares under Restricted Share Award Scheme	<b>1,898</b>
<b>At 31 December 2018</b>	<b>27,328,810</b>
At 1 January 2017	26,920,490
Issue of shares pursuant to exercise of employee share options	205,043
Vesting of shares under Restricted Share Award Scheme	4,081
At 31 December 2017	27,129,614

### (b) Reserve movement of the Company

	RMB'000
<b>At 1 January 2018</b>	<b>435,309</b>
Share based payment	<b>71,680</b>
Issue of shares pursuant to exercise of employee share options	<b>(35,220)</b>
Vesting of shares under Restricted Share Award Scheme	<b>(1,898)</b>
Purchase of shares for Restricted Share Award Scheme	<b>(74,017)</b>
<b>At 31 December 2018</b>	<b>395,854</b>
At 1 January 2017	410,261
Share based payment	103,044
Issue of shares pursuant to exercise of employee share options	(36,203)
Vesting of shares under Restricted Share Award Scheme	(4,081)
Purchase of shares for Restricted Share Award Scheme	(37,712)
At 31 December 2017	435,309

## 53 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

### (c) Retained earnings

	RMB'000
<b>At 1 January 2018</b>	<b>1,148,176</b>
Profit for the year	<b>1,273,562</b>
Dividends relating to 2017	<b>(999,882)</b>
Dividends relating to 2018	<b>(938,280)</b>
<b>At 31 December 2018</b>	<b>483,576</b>
At 1 January 2017	910,841
Profit for the year	2,092,784
Dividends relating to 2016	(782,907)
Dividends relating to 2017	(1,072,542)
At 31 December 2017	1,148,176

## 54 BENEFITS AND INTERESTS OF DIRECTORS

### (a) Directors' emoluments

The remuneration of every director for the years is set out below:

Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking												
Year ended 31 December												
	2018					Total	2017					Total
	Fees	Salary and bonus	Employer's contribution to retirement benefit scheme	Other long-term welfare	Share-based payments		Fees	Salary and bonus	Employer's contribution to retirement benefit scheme	Other long-term welfare	Share-based payments	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>Chairman</i>												
Mr. Li Ming	-	5,760	3,060	1,125	4,781	14,726	-	5,760	12,890	3,114	12,532	34,296
<i>Executive directors</i>												
Mr. Li Hu (ii)	-	1,688	87	-	2,342	4,117	-	2,460	114	-	916	3,490
Mr. Wang Yeyi (ii)	144	-	-	-	74	218	293	-	-	-	322	615
Mr. Sum Pui Ying	-	4,050	237	-	2,384	6,671	-	6,950	240	-	3,653	10,843
Mr. Wen Haicheng	-	2,720	125	-	3,051	5,896	-	2,000	114	-	3,621	5,735
Mr. Li Hongbo (ii)	-	1,325	87	-	515	1,927	-	2,245	114	-	2,124	4,483
<i>Non-executive directors</i>												
Mr. Zhao Lijun	-	-	-	-	167	167	-	-	-	-	183	183
Mr. Yao Dafeng (ii)	231	-	-	-	75	306	293	-	-	-	322	615
Mr. Fang Jun	-	-	-	-	219	219	-	-	-	-	375	375
Ms. Shangguan Qing (ii)	231	-	-	-	75	306	293	-	-	-	322	615
Mr. Fu Fei (i)	-	-	-	-	90	90	-	-	-	-	-	-
Ms. Li Liling (i)	-	-	-	-	90	90	-	-	-	-	-	-
<i>Independent non-executive directors</i>												
Mr. Tsang Hing Lun (iii)	-	-	-	-	-	-	125	-	-	-	147	272
Mr. Han Xiaojing	380	-	-	-	219	599	293	-	-	-	383	676
Mr. Suen Man Tak	380	-	-	-	166	546	293	-	-	-	297	590
Mr. Wang Zhifeng	380	-	-	-	166	546	293	-	-	-	297	590
Mr. Jin Qingjun	380	-	-	-	166	546	293	-	-	-	297	590
Ms. Lam Sin Lai Judy	380	-	-	-	165	545	112	-	-	-	87	199
	2,506	15,543	3,596	1,125	14,745	37,515	2,288	19,415	13,472	3,114	25,878	64,167

## 54 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

### (a) Directors' emoluments (Continued)

- (i) On 19 May 2018, Mr. Fu Fei was appointed as a non-executive director.  
On 10 August 2018, Ms. Li Liling was appointed as a non-executive director.
- (ii) On 18 May 2018, Mr. Wang Yeyi, retired as an executive director.  
On 10 August 2018, Mr. Li Hongbo, resigned as an executive director.  
On 10 August 2018, Mr. Li Hu, resigned as an executive director.  
On 10 August 2018, Mr. Yao Dafeng, resigned as a non-executive director.  
On 10 August 2018, Ms. Shangguan Qing, resigned as a non-executive director.
- (iii) On 4 June 2017, Mr. Tsang Hing Lun, an independent non-executive director, has passed away.

### (b) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.



## 55 SUBSEQUENT EVENT

- (a) On 24 January 2019, Sino-Ocean Land Treasure IV Limited (the "Issuer"), a wholly-owned subsidiary of the Company, issued guaranteed notes with principal amount of USD500,000,000 at interest rate of 5.25% due in 2022 (the "Notes"). The Notes are unsecured and are guaranteed by the Company.
- (b) On 29 January 2019, Sino-Ocean Land Treasure Finance I Limited, a wholly-owned subsidiary of the Company, issued a notice informing the trustee and noteholders that it would redeem the 4.625% guaranteed notes due 2019 in the principal amount of USD500,000,000 (the "2019 Notes") in whole (the "Redemption") on 1 March 2019 (the "Redemption Date"), at a price equal to the make whole price as of the Redemption Date calculated in accordance with the terms and conditions of the 2019 Notes, together with accrued and any unpaid interest up to (but excluding) the Redemption Date. On 1 March 2019, the Redemption were completed.
- (c) On 1 February 2019, the investors, Heroic Peace Limited, a wholly-owned subsidiary of the Company, and Fortune Joy Ventures Limited ("Target Company"), a wholly-owned subsidiary of the Company, entered into a subscription agreement, pursuant to which the Target Company has agreed to allot and issue, and the investors have agreed to subscribe for, a total of 5,100 subscription shares at the aggregate subscription price of USD295,800,000. The subscription shares represent 51.00% of the total number of issued shares of the Target Company.

Upon completion of the subscription, the Target Company ceased to be a wholly-owned subsidiary of the Company and became a non wholly-owned subsidiary of the Company and its financial results continue to be consolidated into the Company's consolidated financial statements as a result of the control by the Company of the composition of the majority of the members of the board of directors of the Target Company.

- (d) On 18 March 2019, Sino-Ocean Holding Group (China) Limited, a wholly-owned subsidiary of the Company, issued corporate bonds amounting to RMB1,700,000,000 and RMB1,200,000,000 with coupon rate 4.06% and 4.59% per year of a term of five years and seven years respectively.

## FIVE-YEAR FINANCIAL SUMMARY

	2018	2017	2016	2015	2014
	RMB million	RMB million	RMB million	RMB million	RMB million
Revenue	<b>41,422</b>	45,837	34,551	30,824	38,896
Gross Profit	<b>8,287</b>	11,239	7,636	6,354	8,167
Profit attributable to owners of the Company	<b>3,574</b>	5,115	3,812	2,384	4,597
Total assets	<b>249,362</b>	191,894	151,265	148,185	132,212
Total liabilities	<b>186,223</b>	133,166	101,935	99,995	87,829
Shareholders' equity	<b>48,385</b>	48,502	43,999	43,764	43,024
Total equity	<b>63,139</b>	58,728	49,330	48,190	44,383

# LIST OF PROJECT NAMES

	Region	Cities	Project names (Chinese)	Project names (English)	Project names used before (Chinese)	Project names used before (English)
1	Beijing-Tianjin-Hebei Region	Beijing	26街區 (北京)	26 Block (Beijing)	順義南法信項目	Nanfaxin Project, Shunyi District
2			CBD Z6 地塊 (北京)	CBD Plot Z6 (Beijing)		
3			CBD Z13 地塊 (北京)	CBD Plot Z13 (Beijing)		
4			昌平未來科技城 F2 項目 (北京)	Changping Sci-tech Park F2 Project (Beijing)		
5			鑽石大廈 (北京)	Diamond Plaza (Beijing)		
6			遠洋萬和風景 (北京)	Eternal Scenery (Beijing)		
7			金悅府 (北京)	Gold Mansion (Beijing)	大興黃村 0901 地塊	Huangcun 0901 Plot, Daxing District
8			萬和斐麗 (北京)	Grand Harmony Emerald Residence (Beijing)		
9			頤堤港 (北京)	INDIGO (Beijing)	將台商務中心	Jiangtai Business Center
10			頤環春秋 (北京)	Jasper Epoch (Beijing)		
11			順義佳利華項目 (北京)	Jialihua Project, Shunyi District (Beijing)		
12			房山良鄉項目 (北京)	Liangxiang Project (Beijing)		
13			麗澤商務區項目 (北京)	Lize Business District Project (Beijing)		
14			門頭溝潭柘寺項目 (北京)	Mentougou Tanzhe Temple Project (Beijing)		
15			密之雲項目 (北京)	Mizhiyun Project (Beijing)		
16			遠洋天著春秋 (北京)	Ocean Epoch (Beijing)	石景山區劉娘府項目	Liuniangfu Project, Shijingshan District
17			遠洋國際中心 (北京)	Ocean International Center (Beijing)		
18			遠洋國際中心二期 (北京)	Ocean International Center, Phase II (Beijing)	京棉項目	Jingmian Project
19			遠洋沁山水 (北京)	Ocean Landscape Eastern Area (Beijing)	遠洋沁山水 E02/03 項目	Ocean Landscape Eastern Area E02/03 Project
20			遠洋 LA VIE (北京)	Ocean LA VIE (Beijing)		
21			遠洋萬和四季 (北京)	Ocean Melody (Beijing)		
22			遠洋新天地 (北京)	Ocean Metropolis (Beijing)	門頭溝新城項目	Mentougou New Town Project
23			遠洋光華國際 (北京)	Ocean Office Park (Beijing)		
24			遠洋天著 (北京)	Ocean Palace (Beijing)	亦莊三羊項目	Yizhuang Sanyang Project
25			遠洋大廈 (北京)	Ocean Plaza (Beijing)		
26			遠洋未來廣場 (北京)	Ocean We-life Plaza (Beijing)		
27			遠洋五里春秋 (北京)	Ocean Wulieepoch (Beijing)	石景山五里坨組團一地块	Wulituo Plot, Shijingshan District
28			遠洋新仕界 (北京)	Our New World (Beijing)	遠洋春天著	Ocean Spring

Region	Cities	Project names (Chinese)	Project names (English)	Project names used before (Chinese)	Project names used before (English)
29		門頭溝新城 6002 地塊 (北京)	Plot 6002, Mentougou New Town (Beijing)		
30		天瑞宸章 (北京)	Royal River Villa (Beijing)		
31		遠洋新光項目 (北京)	Sino-Ocean Shin Kong Project (Beijing)	通州核心區地塊	Core Center Plot, Tongzhou District
32		禧瑞春秋 (北京)	Xanadu & Ocean Epoch (Beijing)		
33		通州西集 C 地塊 (北京)	Xiji Plot C, Tongzhou District (Beijing)		
34		通州西集 D 地塊 (北京)	Xiji Plot D, Tongzhou District (Beijing)		
35		通州西集 E 地塊 (北京)	Xiji Plot E, Tongzhou District (Beijing)		
36		經開區 G2R1 地塊 (北京)	Yizhuang EDA Plot G2R1 (Beijing)		
37		亦莊汽車大廈項目 (北京)	Yizhuang Motor Tower Project (Beijing)		
38		雍景桃源項目 (北京)	Yongjingtaoyuan Project (Beijing)		
39	Tianjin	空港物流項目 (天津)	Airport Logistics Project (Tianjin)		
40		博大奶牛場項目 (天津)	Boda Logistic Project (Tianjin)		
41		天悅風華 (天津)	Elegant Prestige (Tianjin)	海河教育園 14 號地塊	Haihe Jiaoyuyuan Plot 14
42		悅光年 (天津)	Happy Light Year (Tianjin)	汽車世界	Autoworld
43		天宸原著 (天津)	Longfor Mansion (Tianjin)	海河教育園 13 號地塊	Haihe Jiaoyuyuan Plot 13
44		未來城 (天津)	Neo-metropolis (Tianjin)	北辰宜興埠項目	Yixingbu Project, Beichen District
45		遠洋香奈 (天津)	Ocean Chanson (Tianjin)	奧萊二期居住項目	Outlets Phase II Residential Project
46		遠洋城 (天津)	Ocean City (Tianjin)		
47		天著春秋 (天津)	Ocean Epoch (Tianjin)		
48		遠洋新幹綫 (天津)	Ocean Express (Tianjin)		
49		遠洋萬和城 (天津)	Ocean Great Harmony (Tianjin)	悅黃莊項目	Nihuangzhuang Project
50		遠洋心裡 (天津)	Ocean Inside (Tianjin)	濱海新區港濱路項目	Gangbin Road Project, Binhai New District
51		遠洋國際中心 (天津)	Ocean International Center (Tianjin)		
52		遠洋琨庭 (天津)	Ocean Kunting (Tianjin)		
53		遠洋風景 (天津)	Ocean Prospect (Tianjin)		
54		天津未來匯 (天津)	Ocean We-life (Tianjin)		
55		遠洋未來廣場 (天津)	Ocean We-life Plaza (Tianjin)		
56		紅熙郡 (天津)	Royal River (Tianjin)	武清項目	Wuqing Project
57		鯤嶺府 (天津)	The Great Habitat Mansion House (Tianjin)	華明項目	Huaming Project
58		海納府 (天津)	Xanadu (Tianjin)	濱海新區生態城 5 號地塊	Binhai New Area Eco-Town Plot 5

Region	Cities	Project names (Chinese)	Project names (English)	Project names used before (Chinese)	Project names used before (English)
59	Shijiazhuang	長安區舊改項目(石家莊)	Chang'an District Redevelopment Project (Shijiazhuang)		
60		遠洋福美瑾園(石家莊)	Jade Mansion (Shijiazhuang)		
61		遠洋7號(石家莊)	Sino-Ocean No. 7 (Shijiazhuang)		
62		遠洋晟庭(石家莊)	Vigorous Mansion (Shijiazhuang)	長安區015號地	Chang'an District Plot 015
63		正定新區004項目(石家莊)	Zhengding New District Project (Shijiazhuang)		
64	Langfang	碾子營項目(廊坊)	Nianziying Project (Langfang)		
65		香河萬潤項目(廊坊)	Xiang He Wan Run Project (Langfang)		
66	Zhangjiakou	遠洋尚東萬和(張家口)	Centrality Mansion (Zhangjiakou)	橋東區東山天地項目	Qiaodong District Dongshantiandi Project
67	Qinhuangdao	蔚藍海岸(秦皇島)	Seatopia Resort (Qinhuangdao)		
68	Yangtze River Delta Region	嘉譽國際廣場(上海)	Amazing City (Shanghai)		
69		崇明東灘花園項目(上海)	Chongming Dongtan Project (Shanghai)		
70		大寧國際廣場(上海)	Daning International Plaza (Shanghai)		
71		海興廣場(上海)	Haixing Plaza (Shanghai)		
72		遠洋財富中心(上海)	Ocean Fortune Center (Shanghai)		
73		遠洋7號(上海)	Ocean Mansion No.7 (Shanghai)		
74		遠洋萬和四季(上海)	Ocean Melody (Shanghai)	惠南項目	Huinan Project
75		萬和吳美項目(上海)	Onehome Art Project (Shanghai)		
76		遠洋商業大廈(上海)	Sino-Ocean Tower (Shanghai)	東海商業中心	East Ocean Center
77		西郊宸章(上海)	Wellness Masterpiece (Shanghai)		
78		元博酒店項目(上海)	Yuanbo Hotel Project (Shanghai)		
79	Hangzhou	大運河商務區項目(杭州)	Canal Business Center Project (Hangzhou)		
80		余杭區崇賢B-6地塊(杭州)	Chongxian B-6 Plot, Yuhang District (Hangzhou)		
81		余杭區崇賢C-7地塊(杭州)	Chongxian C-7 Plot, Yuhang District (Hangzhou)		
82		樂堤港(杭州)	Grand Canal Plaza (Hangzhou)		
83		雁望軒(杭州)	Neo 1 (Hangzhou)	融信遠洋Neo 1	
84		遠洋萬和四季(杭州)	Ocean Melody (Hangzhou)	江幹區彭埠項目	Pengbu Project, Jianggan District
85		招商遠洋春秋華庭(杭州)	Seasons Courtyard (Hangzhou)		
86		遠洋雁歸里(杭州)	Sino-Ocean Native Place (Hangzhou)	蕭山臨浦項目	Xiaoshan Linpu Project

Region	Cities	Project names (Chinese)	Project names (English)	Project names used before (Chinese)	Project names used before (English)
87	Nanjing	濱江物流項目(南京)	Binjiang Logistics Project (Nanjing)		
88		遠洋山水(南京)	Ocean Landscape (Nanjing)	吉山項目	Jishan Project
89		遠洋萬和四季(南京)	Ocean Seasons (Nanjing)		
90		遠洋綠地雲峰公館(南京)	Sino-Ocean Land Greenland Premier Court (Nanjing)	江寧區高新園G98項目	Gaoxinyuan G98 Project, Jiangning District
91		遠洋棠悅山水(南京)	Sino-Ocean Tangyue Landscape (Nanjing)		
92	Suzhou	蘇悅灣花園(蘇州)	Easy Town (Suzhou)		
93		汾湖006地塊(蘇州)	Fenhu Plot 006 (Suzhou)		
94		昆山玉山冷鏈物流項目(蘇州)	Kunshan Yushan Cold Chain Logistics Project (Suzhou)		
95		萬和悅花園(蘇州)	Mansion Yue (Suzhou)		
96		萬和四季(蘇州)	Ocean Melody (Suzhou)	太倉港區項目	Taicang gangqu Project
97		蘇州新區58號地塊(蘇州)	Plot 58 Suzhou New District (Suzhou)		
98		洛克公園(蘇州)	Rocker Park (Suzhou)		
99		石湖項目(蘇州)	Shihu Project (Suzhou)		
100	Wuxi	好施項目(無錫)	Haoshi Project (Wuxi)		
101		遠洋太湖宸章(無錫)	Taihu Milestone (Wuxi)	裕沁項目	Yuqin Project
102	Jiaxing	桂語東方(嘉興)	East Lake (Jiaxing)		
103		嘉興物流項目(嘉興)	Jiaxing Logistic Project (Jiaxing)		
104		萃湖上郡(嘉興)	Lakeside Wonderland (Jiaxing)		
105		遠洋湖映宸章(嘉興)	Ocean Lake Mansion (Jiaxing)		
106		嘉善縣34號地塊(嘉興)	Plot 34, Jiashan (Jiaxing)		
107		乍浦物流項目(嘉興)	Zhapu Logistics Project (Jiaxing)		
108	Chuzhou	遠洋萬和上學府(滁州)	Ocean Mansion (Chuzhou)	汧河新城向榮路項目	Xiangrong Road Project
109	Changzhou	天雋半島(常州)	Sky Peninsula (Changzhou)		
110	Taizhou	中南遠洋樾府(台州)	Mansion (Taizhou)	椒江項目	Jiaojiang Project
111	Shaoxing	遠洋越府宸章(紹興)	Ocean Yue Masterpiece (Shaoxing)		
112	Wenzhou	遠洋世紀宸章(溫州)	Ocean Century Mansion (Wenzhou)	高新區HX-22-A02地塊	Gaoxin District Project
113	Xiamen	翔安區2017XP02地塊(廈門)	Plot 2017XP02, Xiang'an District (Xiamen)		
114		翔安區2017XP03地塊(廈門)	Plot 2017XP03, Xiang'an District (Xiamen)		
115	Zhangzhou	遠洋風景(漳州)	Sino-Ocean Scenery (Zhangzhou)		

	Region	Cities	Project names (Chinese)	Project names (English)	Project names used before (Chinese)	Project names used before (English)
116	Yangtze Mid-stream Region	Wuhan	賀家墩項目(武漢)	Hejiadun Project (Wuhan)	有座莊園	Tangchen Project
117			江夏物流項目(武漢)	Jiangxia Logistic Project (Wuhan)		
118			遠洋世界(武漢)	Ocean World (Wuhan)		
119			遠洋東方境世界觀(武漢)	Oriental World View (Wuhan)	漢陽區歸元寺項目	Hanyang District Guiyuan Temple
120	Hefei		肥東縣FD18-13地塊(合肥)	Feidong FD18-13 Project (Hefei)		
121			遠洋萬和雲錦(合肥)	Ocean Glory (Hefei)	都會1907	Metropolis 1907
122			遠洋蘆羽風景(合肥)	Sino-Ocean Landscape (Hefei)		
123	Changsha		遠洋外灘壹號(長沙)	Bund No.1 (Changsha)	S10項目	S10 Project
124			雅郡項目(長沙)	Yajun Project (Changsha)		
125	Nanchang		遠洋天驕(南昌)	Sino-Ocean Elite Mansion (Nanchang)		
126			灣里區178項目(南昌)	Wanli 178 Project (Nanchang)		
127	Pearl River Delta Region	Zhongshan	遠洋繁花里(中山)	Blossoms Valley (Zhongshan)	神灣項目	Shenwan Project
128			遠洋君域(中山)	King Realm (Zhongshan)	東升隆成項目	Dongsheng Longcheng Project
129			遠洋城(中山)	Ocean City (Zhongshan)		
130			遠洋翡翠郡(中山)	Ocean Emerald (Zhongshan)	南頭項目	Nantou Project
131			遠洋瓏郡(中山)	Ocean Longshire (Zhongshan)	橫欄項目	Henglan Project
132			遠洋風景(中山)	Ocean Prospect (Zhongshan)	金馬遊藝廠項目	Jin Ma You Yi Chang Project
133			時光樾(中山)	SCity (Zhongshan)	南頭穗西村162商住項目	Suixicun 162 Project, Nantou
134			時光樾(中山)	SCity (Zhongshan)	南頭穗西村163商住項目	Suixicun 163 Project, Nantou
135			遠洋世家(中山)	Sino-Ocean Aristocratic Family (Zhongshan)	大信融佳項目	Da Xin Rong Jia Project
136			遠洋山水(中山)	Sino-Ocean Landscape (Zhongshan)		
137			五桂山龍塘村項目(中山)	Wuguishan Longtangcun Project (Zhongshan)		
138			中薈城(中山)	Zhonghui City (Zhongshan)	南頭穗西村135項目	Suixicun 135 Project, Nantou
139			中薈城(中山)	Zhonghui City (Zhongshan)	南頭穗西村136項目	Suixicun 136 Project, Nantou
140			中薈城(中山)	Zhonghui City (Zhongshan)	南頭穗西村137項目	Suixicun 137 Project, Nantou
141			Shenzhen		荔山項目(深圳)	Lishan Project (Shenzhen)
142	龍船塘項目(深圳)	Long Chuan Tang Project (Shenzhen)				
143	龍華區德愛電子廠項目(深圳)	Longhua District De Ai Industrial Park (Shenzhen)				
144	遠洋新幹線(深圳)	Ocean Express (Shenzhen)			南聯項目	Nanlian Project
145	遠洋新天地(深圳)	Ocean Metropolis (Shenzhen)			盛平項目	Shengping Project

Region	Cities	Project names (Chinese)	Project names (English)	Project names used before (Chinese)	Project names used before (English)
146	Guangzhou	遠洋天驕(廣州)	Elite Palace (Guangzhou)	廣州粵隆客車廠	Yuelong Project
147		朱村街鳳崗村項目(廣州)	Fengganggun, Zhucun Street Project (Guangzhou)		
148		芙蓉墅(廣州)	Hibiscus Villa (Guangzhou)	芙蓉墅項目	Hibiscus Villa Project
149		白雲區穗花項目(廣州)	Honoka Project in Baiyun District (Guangzhou)		
150	Foshan	中南遠洋漫悅灣(佛山)	Delight River (Foshan)	三水雲庭大道北 地塊八	Sanshui Project
151		遠洋華遠天驕(佛山)	Elite Palace (Foshan)	三水區三水新城 地塊二	Plot 2 Sanshui New City, Sanshui District
152		三水區三水新城地塊一(佛山)	Plot 1 Sanshui New City, Sanshui District (Foshan)		
153	Hong Kong	LP6(香港)	LP6 (Hong Kong)		
154	Zhanjiang	遠洋城(湛江)	Ocean City (Zhanjiang)		
155	Maoming	遠洋山水(茂名)	Sino-Ocean Landscape (Maoming)		
156	Sanya	紅塘灣項目(三亞)	Hongtang Bay Project (Sanya)		
157		遠洋山海(三亞)	Ocean Treasure (Sanya)		
158	Haikou	遠洋華墅(海口)	Ocean Zen House (Haikou)	遠洋浮木陣	Ocean Driftwood Array
159	Chengdu- Chongqing Region	Chongqing	茶園項目(重慶)	Chayuan Project (Chongqing)	
160		重慶大學城項目(重慶)	Chongqing College Town Project (Chongqing)		
161		九龍坡區高廟地塊(重慶)	Gaomiao Plot, Jiulongpo District (Chongqing)		
162		九龍坡區高廟地塊二期(重慶)	Gaomiao Project, Phase II, Jiulongpo District (Chongqing)		
163		遠洋九公子(重慶)	Ocean Ninth Prince (Chongqing)	渝北區九曲河2號地	Jiuquhe Plot 2 of Yubei District
164		遠洋山水賦(重慶)	Poetry of Landscape (Chongqing)		
165		遠洋高爾夫國際社區(重慶)	Sino-Ocean International Golf Resort (Chongqing)	國際高爾夫項目	Golf Club Project
166	Chengdu	華敏翰尊國際大廈(成都)	Huamin Empire Plaza (Chengdu)		
167		金牛項目(成都)	Jinniu Project (Chengdu)		
168		龍泉陽光城項目(成都)	Longquan Sunshine Town Project (Chengdu)		
169		遠洋萬和公館(成都)	Ocean Crown (Chengdu)		
170		遠洋棲棠(成都)	Ocean Habitat (Chengdu)		
171		青羊項目(成都)	Qinyang Project (Chengdu)		
172		成都遠洋太古里(成都)	Sino-Ocean Taikoo Li Chengdu (Chengdu)		
173		犀浦項目(成都)	Xipu Project (Chengdu)		



Region	Cities	Project names (Chinese)	Project names (English)	Project names used before (Chinese)	Project names used before (English)	
174	Kunming	呈貢大學城項目(昆明)	Chenggong Project (Kunming)			
175		呈貢大學城二期項目(昆明)	Chenggong Project, Phase II (Kunming)			
176		昆明空港項目(昆明)	Kunming Airport Project (Kunming)			
177		遠洋青雲府(昆明)	Sino-Ocean Esthetics Mansion (Kunming)			
178	Other Region	Dalian	遠洋金馬傑座(大連)	Jinma Project (Dalian)		
179			遠洋鑽石灣(大連)	Ocean Diamond Bay (Dalian)		
180			紅星海世界觀(大連)	Ocean Worldview (Dalian)		
181			遠洋創智高地(大連)	Sino-Ocean Technopole (Dalian)	IT產業園—工業部分	IT Zone—Industrial
182		榮域(大連)	The Place of Glory (Dalian)	中華路3號地	Zhonghua Road Land Plot #3	
183		小窯灣項目(大連)	Xiaoyao Bay Project (Dalian)			
184		中華路2號地(大連)	Zhonghua Road Plot #2 (Dalian)	遠洋溫德姆至尊豪庭大酒店	Wyndham Grand Plaza Royale Sino-Ocean	
185		Shenyang	百利保大廈(瀋陽)	Bailibao Plaza (Shenyang)		
186			遠洋大河宸章項目(瀋陽)	Grand Canal Milestone (Shenyang)		
187			遠洋天地(瀋陽)	Ocean Paradise (Shenyang)		
188	裕沁碧苑項目(瀋陽)		Yuqin Biyuan Project (Shenyang)			
189	Changchun	遠洋錦唐(長春)	Orient Palace (Changchun)	市經開區元亨地塊	Jingkai Distict Plot Yuanheng	
190	Qingdao	遠洋萬和四季(青島)	Ocean Melody (Qingdao)	黃島區五臺山路地塊	Wutaihan Road Plot, Huangdao District	
191		遠洋自然(青島)	Ocean Seasons (Qingdao)			
192		膠州市興正元項目(青島)	Xingzhengyuan Project, Jiaozhou (Qingdao)			
193	Taiyuan	小店區省檢項目(太原)	Shengjian Project, Xiaodian District (Taiyuan)			
194	Zhengzhou	遠洋萬和四季(鄭州)	Ocean Melody (Zhengzhou)	綠博113號地	Lvbo Plot 113	
195		遠洋風景(鄭州)	Ocean Prospect (Zhengzhou)	新鄭市龍湖鎮107國道項目	107 Road Project, Longhu Town	
196		永之興冷鏈物流項目(鄭州)	Yongzhixing Cold Chain Logistics Project (Zhengzhou)			
197	Xuzhou	賈汪物流項目(徐州)	Jiawang Logistics Project (Xuzhou)			
198	Xi'an	秦漢新城物流項目(西安)	Qinhanxincheng Logistics Project (Xi'an)			
199		趙村項目(西安)	Zhaocun Project (Xi'an)			
200	Yantai	遠洋東萊郡(煙台)	Sino-Ocean Donglai County (Yantai)			
201	Jinan	唐冶項目(濟南)	Tangye Project (Jinan)			
202	USA	北卡羅萊納州項目(美國)	North Carolina Project (USA)			
203		三藩市項目(美國)	San Francisco Project (USA)			

