Fullshare Holdings Limited
豐盛控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 00607

Annual Report
2016

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Corporate Information

BOARD OF DIRECTORS

Executive Directors
Mr. Ji Changqun *(Chairman and CEO)*
Mr. Shi Zhiqiang
Mr. Wang Bo

Independent Non-executive Directors
Mr. Lau Chi Keung
Mr. Chow Siu Lui
Mr. Tsang Sai Chung

AUDITORS

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue,
Central, Hong Kong

COMPANY SECRETARY

Ms. Seto Ying

AUTHORISED REPRESENTATIVES

Mr. Wang Bo
Ms. Seto Ying

AUDIT COMMITTEE

Mr. Chow Siu Lui *(Chairman)*
Mr. Lau Chi Keung
Mr. Tsang Sai Chung

REMUNERATION COMMITTEE

Mr. Lau Chi Keung *(Chairman)*
Mr. Ji Changqun
Mr. Tsang Sai Chung

NOMINATION COMMITTEE

Mr. Ji Changqun *(Chairman)*
Mr. Lau Chi Keung
Mr. Tsang Sai Chung

RISK MANAGEMENT COMMITTEE

Mr. Shi Zhiqiang *(Chairman)*
Mr. Wang Bo
Mr. Tsang Sai Chung

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Bank of Nanjing
China Merchants Bank, Nanjing Branch

LEGAL ADVISERS

Troutman Sanders Solicitors and International Lawyers

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 2526, Level 25
Admiralty Centre Tower I
18 Harcourt Road, Admiralty
Hong Kong

PRINCIPAL SHARE REGISTRAR

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

BRANCH SHARE REGISTRAR IN HONG KONG

Tricor Standard Limited
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong

WEBSITE

www.fullshare.com

STOCK CODE

00607

Biographical Details of Directors and Senior Management

DIRECTORS

Executive Directors

Mr. Ji Changqun ("Mr. Ji"), aged 48, was appointed as an executive director (the "**Director**") of Fullshare Holdings Limited (the "**Company**", together with its subsidiaries, "**Fullshare Holdings**" or the "**Group**"), chief executive officer ("**CEO**"), the chairman of the board of Directors (the "**Board**"), the chairman of nomination committee ("**Nomination Committee**") and a member of remuneration committee of the Company ("**Remuneration Committee**") on 12 December 2013. Mr. Ji is responsible for the Group's strategic control and organization development. Mr. Ji has over eight years of management experience in the real estate industry in the People's Republic of China ("**PRC**"). Mr. Ji has been a director and the chairman of Nanjing Fullshare Industrial Holding Group Co. Limited*（南京豐盛產業控股集團有限公司, "**Nanjing Fullshare Holding**") since November 2002. He obtained a diploma of adult higher education majoring in highway and city road issued by Nanjing Associated Workers' College（南京聯合職工大學）in February 1999. Mr. Ji studied the courses for postgraduates majoring in management science and engineering in Southeast University from September 2003 to September 2005. Mr. Ji obtained a master's degree majoring in business administration issued by Macau University of Science and Technology in June 2006. Mr. Ji is a PRC senior engineer and senior economist. Mr. Ji worked as the project manager and the branch manager of Nanjing Jiasheng Infrastructure Engineering Co., Limited（南京嘉盛基礎建設工程有限公司）from March 1993 to August 1995. Mr. Ji worked as the deputy general manager and the general manager of Jiasheng Construction Group Co., Limited*（嘉盛建設集團有限公司）from September 1995 to November 2011. Mr. Ji holds a lot of important social positions, including the representative of People's Congress of Nanjing, the vice chairman of Jiangsu Federation of Industrial Economics, Jiangsu Enterprise Confederation and Jiangsu Enterprise Directors Association, the chairman of Anhui Chamber of Commerce of Jiangsu Province（江蘇省安徽商會）, the vice chairman of Nanjing Federation of Industry and Commerce, the chairman of Australia Nanjing General Chamber of Commerce（澳大利亞南京總商會）and the vice chairman of Nanjing City Overseas Exchange Association, the honorary chairman of Singapore Chinese Medicine College, the director of the board of Wuhan University, the honorary chairman of the Institute of Chinese Medicine and Natural Medicine of Wuhan Chinese Medicine, the honorary chairman of the board of Nanjing University of Chinese Medicine, the guest professor of Nanjing University of Chinese Medicine, the dean of Fullshare Health Institute（豐盛健康學院）. Mr. Ji was awarded with various honors, including Nanjing Model Worker in 2006, Outstanding Contribution Entrepreneur of Jiangsu Construction Industry（江蘇省建築業突出貢獻企業家）in 2007, Nanjing Guangcai Programme Star（南京市光彩事業之星）in 2010, National Outstanding Entrepreneur on Staff Caring in Private Sector（全國關愛員工優秀民營企業家）in 2011, May 1 Labour Medal award winner of Jiangsu Province（江蘇省五一勞動獎章）in 2012, Outstanding Builder of Socialism with Chinese Characteristics of Jiangsu Province（江蘇省優秀中國特色社會主義事業建設者）in 2012, Top 10 Integrity Models（十大誠信標兵）issued by Jiangsu Province in 2012, the 4th Outstanding Entrepreneur of Jiangsu Province in 2013 （二零一三年第四屆江蘇省優秀企業家）and the Most Influential Brand Character in the Health Industry in 2013 （二零一三年健康產業最具影響力品牌人物）.

Biographical Details of Directors and Senior Management

Mr. Shi Zhiqiang ("Mr. Shi"), aged 41, was appointed as an executive Director of the Company on 25 November 2013, and the chairman of risk management committee ("**Risk Management Committee**") on 16 December 2016. Mr. Shi is responsible for assisting with the Group's risk management, support and management of the functional departments, the management of president's office and hosting domestic investment business. Mr. Shi obtained a diploma majoring in financial accounting issued by the Township Enterprise Management Institution organised by the Department of Agriculture of the PRC. He is studying for the EMBA of Post-graduate degree in South East University. Mr. Shi is a PRC accountant and an international certified internal auditor. Mr. Shi worked as the financial controller of Jiangsu Zhongda Communication Industry Co., Limited*（江蘇中大通信實業有限公司）from December 2004 to July 2005. Mr. Shi worked as the deputy manager of financial management department, audit manager, audit director and chief financial officer of Nanjing Fullshare Holding from July 2005 to March 2011. Mr. Shi worked as a director of Nanjing Fullshare Holding from June 2011 to April 2013 and the assistant to the chairman of Nanjing Fullshare Holding from March 2011 to January 2013. Mr. Shi is also a director of certain subsidiaries of the Company.

Mr. Wang Bo ("Mr. Wang"), aged 36, was appointed as an executive Director of the Company on 10 September 2014, and a member of Risk Management Committee on 16 December 2016. Mr. Wang is responsible for assisting the chairman of the Board and acting as the head of the investment and financing management committee of the Group, responsible for overseas investment and financing, investor relations (the "**IR**"), management of the Group's Hong Kong office and hosting general meetings and board meetings of the Company. Mr. Wang obtained a Juris doctor degree from Duke University, the United States of America ("**USA**") in 2007, a master of laws degree from Nanjing University in 2004 and a bachelor of laws degree from Nanjing University of Finance & Economics in 2001. He also obtained Legal Profession Qualification of PRC in 2002. Mr. Wang worked as a manager of Legal Department of DBS Bank (China) Limited Shanghai Branch from 2010 to 2011 and an associate and a senior associate of King & Wood Mallesons from 2007 to 2010. From March 2011 to September 2014, Mr. Wang worked as the general manager of Fullshare Group Limited and the director and the managing director of Fullshare International Group Limited. Since March 2011, Mr. Wang has been and is currently a director of Fullshare Group Limited. Mr. Wang is also a director of certain subsidiaries of the Company. Mr. Wang was appointed as the chairman and a non-executive director of Applied Development Holdings Limited ("**ADHL**") (stock code: 519) since September 2016, a company listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Mr. Wang was the sole shareholder, the director and the legal representative of 南京美迅工貿實業有限公司 (Nanjing Mei Xun Industrial and Trade Co., Ltd.*) ("**Nanjing Mei Xun**"), a company which was established in Nanjing in June 2004 and remained dormant then. The business licence of Nanjing Mei Xun was revoked by Nanjing Administration for Industry and Commerce due to its failure to participate in the annual inspection carried out by Xuanwu Branch of Nanjing Administration for Industry and Commerce for the year of 2010 within the prescribed time. To the best knowledge and belief of Mr. Wang, the local staff of Nanjing Mei Xun was responsible for handling daily operation including the annual inspection of Nanjing Mei Xun. Mr. Wang was not aware of any such information that the annual inspection had not been done by the local staff. To the best knowledge of Mr. Wang, Nanjing Mei Xun had not received any fine or penalty as a result of such revocation of business licence.

Independent Non-executive Directors

Mr. Lau Chi Keung ("Mr. Lau"), aged 68, was appointed as an independent non-executive Director, the chairman of remuneration committee, a member of Nomination Committee and audit committee of the Company ("**Audit Committee**") on 12 December 2013. Mr. Lau has over 38 years of management experience in the real estate industry in the PRC and in Hong Kong. Mr. Lau obtained a higher diploma majoring in surveying/building technology issued by Hong Kong Technical College (currently known as Hong Kong Polytechnic University) in 1970. Mr. Lau was admitted fellow member of the Hong Kong Institute of Surveyors and the Royal Institution of Chartered Surveyors respectively in 1987. Mr. Lau was appointed as a director of Henderson Investment Limited in 1995 and was appointed as a director of Henderson China Development Limited in 2005. Since September 2016, Mr. Lau was appointed as an independent non-executive director of ADHL. Mr. Lau served in many social positions, including a member of the Construction Industry Training Authority, a member of the Administrative Appeals Board from 2003 to 2009 and an external examiner respectively of the Hong Kong University – B.Sc. (Hons) Degree in Surveying from 1998 to 2001 and of the Hong Kong Polytechnic University – B.Sc. (Hons) programme in Building Surveying from 2005 to 2007. Mr. Lau currently holds several social positions, including a member of the Disciplinary Panel of Hong Kong Institute of Surveyors, a member of the Appeal Tribunal Panel of Planning and Lands Branch, Development Bureau of Government Secretariat. Mr. Lau was awarded with "Justice of the Peace" issued by the Hong Kong government in 2001 and "Medal of Honour" issued by the Hong Kong government in 2005.

Mr. Chow Siu Lui ("Mr. Chow"), aged 57, was appointed as an independent non-executive Director and the chairman of Audit Committee on 12 December 2013. Mr. Chow is a partner of VMS Investment Group, which is a multi-strategies investment house. Mr. Chow is currently the chairman of the Mainland Development Strategies Advisory Panel of the Hong Kong Institute of Certified Public Accountants and a member of the Investment Advisory Committee of the Hong Kong Institute of Chartered Secretaries. Previously, he was a member of both of the Listing Committee of the Stock Exchange and the Dual Filing Advisory Group of the Securities and Futures Commission. Mr. Chow is a fellow member of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries. Mr. Chow had been working with one of the four largest certified public accounting firms in the world as a partner for many years. He has an in-depth knowledge on the accounting standards and business regulations in Hong Kong. Mr. Chow has been serving as an independent non-executive director of Universal Medical Financial & Technical Advisory Services Company Limited (stock code: 2666), Sinco Pharmaceuticals Holdings Limited (stock code: 6833), Shanghai Dazhong Public Utilities (Group) Co., Ltd. (stock code: 1635) and Futong Technology Development Holdings Limited (stock code: 465) since July 2015, March, April and December 2016, respectively. He was an independent non-executive director of Kong Shum Union Property Management (Holding) Limited (stock code: 8181) and NWS Holdings Limited (stock code: 00659) during the period from February 2015 to October 2015 and from March 2012 to June 2012, respectively.

Biographical Details of Directors and Senior Management

Mr. Tsang Sai Chung ("Mr. Tsang"), aged 53, was appointed as an independent non-executive Director, a member of Audit Committee, Remuneration Committee and Nomination Committee on 12 December 2013, and a member of Risk Management Committee on 16 December 2016. Mr. Tsang obtained a bachelor's degree of arts from the University of Hong Kong in 1985 and completed PCLL programme in University of Hong Kong in 1993. Mr. Tsang undertook his trainee programme and worked as an associate of Baker & McKenzie from September 1993 to January 1999. He then moved to in house with various companies and worked as an executive director, general counsel and company secretary of HKC (Holdings) Limited (stock code: 00190) from April 2004 to September 2009. Mr. Tsang was the general counsel and company secretary of Sa Sa International Holdings Limited (stock code: 00178) from September 2012 to September 2014. Mr. Tsang joined Pacific Century Premium Developments (stock code: 00432) as general counsel on 29 September 2014 and was also appointed as their company secretary on 25 November 2014.

Senior Management

Mr. Deng Xiaoxiong ("Mr. Deng"), aged 50, was appointed as a co-chief executive officer of the Company (the "**co-CEO**") of the Company on 17 May 2016. He is in charge of the overall brand promotion and marketing of the Group, responsible for the operation and management of Fullshare Top*（豐盛榜）and Life-infinity. He has extensive management experience in the healthcare industry. After the appointment, he will primarily be responsible for the overall brand promotion and marketing of the Company, the operation and management of the healthcare businesses of the Company and its subsidiaries in Guangzhou and the corresponding healthcare subsidiaries and participating in the decision making of the healthcare related investment. He was a TV editor, a journalist and an independent filmmaker successively from 1988 to 1997. He founded 達生整合營銷傳播公司 (Dasheng Integrated Marketing Communication Company*) ("**Dasheng**") in 1997 and served as a chairman. He and Dasheng joined the world's famous communication group – WPP Group in 2007, and served as chairman of the China district of 奧美行動 (Ogilvy & Action*) and 經緯行動（精准營銷）(Geometry Action (precision marketing)*) and a president of 廣州奧美整合營銷傳播集團 (Guangzhou Ogilvy Integrated Marketing Communication Group*). Mr. Deng co-established 廣州生命滙高端醫療機構 (Guangzhou Life Infinity Hight-end Medical Institutions*) in 2014. Mr. Deng directly holds in 72% interest in Infinity Heroes Limited, which in turn directly holds 49% interest in Five Seasons IX Limited, which in turn is a non-wholly owned subsidiary of the Company. Currently Mr. Deng is the vice president of 中國抗衰老促進會 (Chinese Anti-aging Association*) and an executive vice president of 廣東省商業聯合會 (Guangdong General Chamber of Commerce*) and also a master tutor of 中國傳媒大學 (Communication University of China*) and a part-time professor of 暨南大學 (Jinan University*).

Biographical Details of Directors and Senior Management

Mr. Yuen Chi Ping ("Mr. Yuen"), aged 38, was appointed as the chief operating officer of the Company since 1 October 2014. Mr. Yuen is responsible for legal and risk management of the Group, merger and acquisition projects, and capital market strategy of the Group. Mr. Yuen is a qualified lawyer in both Hong Kong and England and Wales. Mr. Yuen has over 12 years of experience practicing as a lawyer in the PRC and Hong Kong, and has extensive experience in corporate law, China-related public and private mergers and acquisitions, and capital market transactions. Mr. Yuen obtained a bachelor's degree in laws in 2001 and completed the PCLL programme in 2002 in the University of Hong Kong, then undertook his traineeship and worked as a lawyer in various leading international law firms. He worked as a special counsel in the Shanghai office of Baker & McKenzie from 2011 to 2014, responsible for the firm's securities practice in Shanghai. Mr. Yuen has been appointed as the head of investment and legal of Fullshare International Group Limited since May 2014, and subsequently the chief operating officer of the Company since October 2014. Mr. Yuen was appointed as a non-executive director of Hin Sang Group (International) Holding Co. Ltd. ("**Hin Sang Group**") (stock code: 6893) since July 2016, a company listed on the Stock Exchange; the chief executive officer and an executive director of ADHL (stock code: 519) since September 2016; and a non-executive director of China High Speed Transmission Equipment Group Co., Ltd. ("**CHS**") (stock code: 658) since December 2016, a company listed on the Stock Exchange.

Mr. Jack Tsai ("Mr. Tsai"), aged 36, was appointed as the chief portfolio officer of the Company on 15 February 2016. Mr. Tsai is responsible for Hong Kong and overseas investment and financing of the Group. Mr. Tsai has over 14 years of investing experience in the Asia Pacific markets and was most recently executive director and responsible officer of VTB Capital (HK) Limited in charge of Greater China investments and financing. Prior to VTB Capital, Mr. Tsai was a director at Deutsche Bank AG's Strategic Investment Group where he was responsible for pan-Asia special situations investing and distressed debt trading. In addition, Mr. Tsai was a financial analyst at Morgan Stanley Private Equity Asia. Mr. Tsai holds a Bachelor of Science in Economics (Finance) from the Wharton School of the University of Pennsylvania and a Bachelor of Arts in International Studies from the University of Pennsylvania.

Mr. He Dong ("Mr. He"), aged 50, was appointed as chief financial officer of the Company on 30 March 2016. Mr. He is responsible for the financial management of the Company. Mr. He has been employed as chief financial/investment officer of various China-based global renowned enterprises in the past 25 years. He possesses relevant experience in real estate, manufacturing, investment, auditing, medical and other industries in Mainland China, USA, United Kingdom, Hong Kong and Australia. Mr. He studied economics in Zhongshan University from 1984 to 1987, majored in international trade. He obtained a bachelor's degree of commerce from University of New South Wales, Australia in 1991, majored in finance. During the period from December 1997 to January 2005, he was the financial controller (Beijing district) of Hutchison Whampoa Limited. During the period from January 2005 to October 2007, Mr. He was the assistant to general manager and financial controller (Beijing district) of Sun Hung Kai Properties (Beijing) Limited. During the period from October 2007 to February 2013, Mr. He was the financial controller-TESCO China Real Estate of TESCO China Real Estate. He then worked as the general manager of China Real Estate of Henderson Global Investors and chief financial officer of D&J China (Warburg Pincus). Mr. He is a fellow member of Certified Practising Accountants (the "**CPA**") Australia, former vice president of CPA Australia Beijing Committee and a fellow member of Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Biographical Details of Directors and Senior Management

Mr. Daniel Tao ("Mr. Tao"), aged 50, was appointed as a chief brand officer of the Company on 15 December 2015, in charge of the Group's overall brand management. Mr. Tao is mainly responsible for the Group's overall brand management. Mr. Tao has more than 20 years of experience in marketing communications, and has worked in state government and multi-national companies, agency and client, inside and outside China, across various disciplines, roles and industry sectors. He joined the Ogilvy Group in early 1990's as an account executive in advertising and was one of the key contributors to Ogilvy's early growth in the China market place. He was transferred to Ogilvy Interactive in late 1990's and was not only a pioneer in China's interactive marketing business but also one of the key contributors to Ogilvy's interactive marketing business growth in China. In the year of 2014, Mr. Tao was appointed as the executive vice-president of Ogilvy Group in Guangzhou. Mr. Tao holds a Bachelor of Arts degree from China Institute of Diplomacy and a postgraduate diploma in Direct and Database Marketing from the Institute of Direct Marketing of the United Kingdom.

Ms. Seto Ying ("Ms. Seto"), aged 40, was appointed as the company secretary and the financial controller of the Company on 12 December 2013. Ms. Seto resigned as an executive Director of the Company on 12 December 2013. Ms. Seto is responsible for monitoring the Group's daily financial operation and the financial matters in relation to acquisition projects and company secretarial matters. Ms. Seto obtained a bachelor's degree majoring in business administration in accountancy issued by the Chinese University of Hong Kong in 1998. Ms. Seto is a fellow member of the Association of Chartered Certified Accountants, a member of the HKICPA and a member of the Hong Kong Institute of Chartered Secretaries. Ms. Seto has more than 15 years of experience in the field of finance and accounting and company secretarial matters including working in an international accounting firm.

* *for identification purpose only*

Chairman’s Statement

Dear Shareholders,

On behalf of the board of directors (the “**Board**”), I am hereby pleased to present the 2016 annual report of the Company for the year ended 31 December 2016 (the “**Year 2016**”) to our shareholders.

The Year 2016 was a crucial year of the Company to lay the foundation for our long-term development. The Group has gradually formed five segments, namely new energy, tourism, healthcare, property and investment. These segments have synergistic effects among one another to enhance the development of the Company.

Through a number of acquisitions during the Year 2016, total assets of the Group increased by 416% from Renminbi (“**RMB**”) 9,366,366,000 as at 31 December 2015 to RMB48,294,673,000 as at 31 December 2016. Net assets per share recorded an increase of 291% to RMB1.33 as compared to the Year 2015 (the “Year 2015”) (31 December 2015: RMB0.34).

In the Year 2016, the revenue of the Group increased by approximately 39% to RMB4,311,423,000 (2015: RMB3,095,611,000). Gross profit rose by 125% to RMB871,995,000 as compared to the Year 2015 (2015: RMB387,338,000). Gross profit margin grew by 8 percentage points to 20% as compared to the Year 2015. Profit for the Year 2016 attributable to owners of parent company recorded an increase of 155% to RMB3,105,196,000 as compared to the Year 2015 (2015: RMB1,217,827,000). Profit margin for the Year 2016 attributable to owners of parent company increased by 33 percentage points to 72% as compared to the Year 2015. To reward our shareholders for their long-term support, the Board recommends the payment of final dividends of RMB1.5 cents per share for the Year 2016.

During the Year 2016, by way of share exchange offer pursuant to the Takeover Code, the Group successfully acquired 73.91% of the total issued share capital of China High Speed Transmission Equipment Group Co., Ltd. (“**CHS**”; stock code: 658) – a leading enterprise in the wind power equipment industry in the PRC and formally entered into the new energy equipment manufacturing sector. The acquisition was formally completed in December 2016. CHS is a globally leading supplier of mechanical transmission equipment, and its products are mainly used for wind power generation equipment and various types of industrial mechanical transmission equipment. The wind power generation industry has huge growth potential, under the influence of the energy structure reform policy that is proactively implemented by the PRC government as well as the long-term development goals of the PRC government relating to renewable energy and green energy. Based on a guideline released by the National Energy Administration (NEA) on 3 March 2016, by 2020, non-hydroelectric renewable energy should account for between 5% and 13% of the total electricity consumption for provinces, municipalities and autonomous regions and power companies, with the exception of some non-fossil energy companies, should produce at least 9% of the total electricity from non-hydroelectric renewable energy by 2020. By Leveraging on CHS’s strong technical background and leadership position, we are confident to gain greater market share in the global mechanical transmission equipment and new energy sector.

Chairman's Statement

In addition to proactively developing the new energy segment, the formation of Five Seasons Cultural Tourism Development Company Limited ("**Five Seasons Cultural**") is regarded as a breakthrough of the Group to develop the integrated leisure tourism business. According to the "China's Middle Class in Next Decade" (《下一個十年的中國中產階級》) report issued by McKinsey & Company, by 2022, 76% of the PRC urban households will reach the middle class income standard, and annual disposable income of these Chinese households will reach the range of RMB60,000 to RMB229,000 by that time. Along with the rapid increase in disposable income per capita and the emerging middle class, the Chinese consumption concept is experiencing a significant change and gradually shifting from past practical consumption to hedonic consumption. The change in such consumption pattern has brought unprecedented business opportunities for the leisure tourism industry. During the Year 2016, the Group acquired several projects including Nanjing Wonder City（虹悦城）project, Laguna project and Sheraton project for the development of urban leisure complexes, cultural towns, suburban vacation resorts, global timeshare resorts and other projects around the world. In the future, we will continue to capitalize on our various resources and identify excellent partners to jointly develop and operate the culture tourism resorts.

With the increase in disposable income, the Chinese are now pursuing a higher-quality and healthier lifestyle. The provision of healthcare has emerged as a new business opportunity. The PRC government recently approved the "Healthy China 2030" plan as an important policy and as a key segment of the "13th Five Year Plan". While the population in the PRC is gradually aging, the market size of the PRC healthcare industry has been increased to nearly RMB4 trillion. This market has maintained a compound annual growth rate of over 20% in the past 5 years, and is expected to double in the next 5 years, reaching RMB8 trillion, which is nearly 10% of China's Gross domestic product (the "**GDP**") at that time. During the Year 2016, the Group further expanded its footprint in the healthcare and maternal and infant care business globally, and successfully acquired (i) Shenzhen Anke High-Tech Company Limited ("**Shenzhen Anke**") – a medical equipment enterprise, (ii) Guangzhou Haizhu District Life-infinity Medical Clinic Limited ("**Life-infinity**") – a high-end precision medical institution and (iii) Sparrow Early Learning Pty Ltd. ("**Sparrow Early**") – an Australian early childhood education institution, laying the foundation for further development of the healthcare and maternal and infant care market. On the other hand, during the Year 2016, we also successfully invested in Hin Sang Group (International) Holding Co. Ltd. ("**Hin Sang**"; stock code: 6893), Medicskin Holdings Limited ("**Medicskin**"; stock code: 8307) – a Hong Kong medical skin care enterprise and Nanjing Sinolife United Company Limited ("**NSUCL**") (stock code: 3332) – a nutritional supplements and health food product manufacturing enterprise. Through the aforesaid acquisition and investment activities, our healthcare business segment has evolved to cover, among others, medical equipment development and production, medical beauty services, infant healthcare, education and health food production and sales, etc. Through the use of such business platform, we will be able to capture the market potential of the healthcare and maternal and infant healthcare industry in an all-round way.

In 2017, the Group will focus on the diversification and globalization of its business in the medium and long run. The Group will continue to focus on green and health related sectors, hinge on resource integration and business innovation, consolidate global resources, develop talents and deepen the development of the five business segments in new energy, tourism, healthcare, property and investment, so as to generate long-term returns for our shareholders.

For the new energy equipment business segment, the Group will continue to leverage on the technical and branding advantages of CHS in wind power equipment manufacturing, uphold the "going out" strategy and strive to cooperate with more overseas large-scale wind power and industrial enterprises, with an aim to increase market share. Under a powerful national strategy of "Made in China 2025" and considering the significant benefits arising from clean energy development, the Group will actively consolidate, acquire and merge quality upstream and downstream industry resources as and when opportunities arise, with a view to building a vertically integrated new energy mechanical transmission equipment industry value chain.

For the tourism and property business segment, the Nanjing urban health life complex "Yuhua Salon（雨花客廳）" has been independently built by the Group and has commenced presale. With a focus on investment and operation in such segment, the property business is becoming more comprehensive with the support of green building technology service. The hotel refurbishment project for the Sheraton project of the Group was completed in 2016, and commenced operation in the same year. As our representative project in Australia, the Sheraton project integrates the elements of a natural environment and health resort. Upon the refurbishment, the Group has enriched our resort service facilities, variety of services and tourism products and will provide the services to our customers with a brand new appearance.

For the healthcare segment, the Group will leverage on our abundant resources and network in the domestic Chinese medicine industry in combination with the technology and branding advantages of our partners to explore new services and new products in the maternal and infant and health food sectors. The child health center, jointly established by the Group and Hin Sang, will commence operation in Shek Mun, Hong Kong in May 2017 and become a health medical center specializing in providing traditional Chinese medicine philosophy integrated with western medical concepts. In the future, we plan to open Chinese medicine hospitals and child health centers in the PRC. Our overseas development is actively underway and the Group will continue to consolidate the resources in medical equipment and high-end healthcare service and seek for quality target companies and partners to build deeper cooperation relationships.

At the same time, the Group will further diversify our investment channels and capture opportunities to invest in the global property market and property related investments through the established property fund project. Furthermore, the Group will continue to consolidate the global resources and look for strategic partners abroad to expand our overseas business portfolio to lay a foundation for developing the tourism and healthy living industry. A synergetic development in the Group's business operation and service industry is promoted through the investment and cooperation in new energy, industrial upgrade, tourism, medical healthcare, urbanization process, finance innovation and other sectors.

Chairman's Statement

We are accumulating experience and strengths to gradually develop our business segments as we believe that only enterprises with solid business strategies and healthy financial positions may achieve sustainable development amid economic uncertainty. The Group has always upheld an open and transparent management operation philosophy, healthy capital structure and financial policy and an open attitude to consider suggestions from shareholders so as to enable all shareholders to participate in corporate governance, whereby making the Company stronger as a whole. Meanwhile, we will continue to concentrate on the development of the five segments, namely new energy, tourism, healthcare, property and investment, continue to seek opportunities for mergers and acquisitions and to enhance our strengths to maximize the values for our shareholders.

We are always committed to the principle of "growing the business and sharing profits together". Making every partner and shareholder successful not only is the development philosophy that we consistently advocate and adhere to implement, but also originates from our mission of jointly establishing a strategic and synergistic platform to develop our business with our partners. In the future, the Group will continue to develop the industry value chain and to establish closer strategic relationships with high quality partners to nurture more successful enterprises and entrepreneurs so as to maximize the values for our shareholders.

Ji Changqun
Chairman of the Board
Hong Kong, 30 March 2017

BUSINESS REVIEW

(1) Property business

(a) Property sales

During the Year 2016, the Group made contracted sales of approximately RMB2,342,449,000, representing a decrease of approximately 6% as compared with the Year 2015. The Company made contracted sales for an aggregate gross floor area of approximately 126,713 sq.m., representing a decrease of approximately 26% as compared with the Year 2015. The change in contracted sales and gross floor area was mainly due to gradual sales of Amber Garden（琥珀花園）project and launch of Yuhua Salon（雨花客廳）C North for sale. The average selling price was approximately RMB18,486 per sq.m., representing an increase of approximately 19% as compared with the Year 2015.

As at 31 December 2016, the Group's contracted sales for the contracts signed but properties not yet delivered were approximately RMB1,289,776,000, with a total gross floor area of approximately 67,413 sq.m., providing a solid foundation for the continuous and stable growth of the Group's future revenue.

During the Year 2016, the Group completed the development of Amber Garden（琥珀花園）project and TongJingYueCheng（同景躍城）project. As at 31 December 2016, a breakdown of the major properties under construction held domestically was as follows:

Project name	Address	Project type	Construction progress of the project	Expected completion date	Site area *(sq.m.)*	Gross floor area (the "GFA") completed *(sq.m.)*	GFA under construction *(sq.m.)*	Accumulated contracted sales area *(sq.m.)*	Interest in the project attributable to the Group
Yuhua Salon（雨花客廳）									
Yuhua Salon（雨花客廳）A1	No. 119 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Office, commercial project	Completed	Completed	33,606	78,165	–	48,131	100%
Yuhua Salon（雨花客廳）A2	No. 119 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Hotel, office project	Under construction	Second quarter of 2018	30,416	–	81,380	–	100%
Yuhua Salon（雨花客廳）C South	East to Ningdan Road, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Office, commercial project	Completed	Completed	42,639	133,832	–	49,940	100%
Yuhua Salon（雨花客廳）C North	East to Ningdan Road, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Apartment, commercial project	Under construction	Fourth quarter of 2017	48,825	–	193,004	38,592	100%
ZhuGong（諸公）	South-west to Yuhuatai Scenic Area, Nanjing, Jiangsu Province, the PRC	Residential project	Under construction	Second quarter of 2017	49,220	92,218	4,080	55,247	80%
Amber Garden（琥珀花園）									
Amber Garden（琥珀花園）Phase I	1 and 2 Jiadong, Xishanqiaojiedao, Yuhuatai District, Nanjing Jiangsu Province, the PRC	Residential project	Completed	Completed	43,964	114,807	–	89,809	100%
Amber Garden（琥珀花園）Phase II	1 and 2 Jiadong, Xishanqiaojiedao, Yuhuatai District, Nanjing Jiangsu Province, the PRC	Residential project	Completed	Completed	35,753	99,420	–	70,693	100%
Chongqing project									
ShuXiangYuan（書香苑）	Area C, Plot 18-7/02, Yu Zhong Zu Tuan, Yu Zhong District* Chongqing, the PRC	Residential project	Completed	Completed	11,804	52,678	–	47,845	90%
TongJingYueCheng（同景躍城）	To the east of Yudong Street and Dajiang Road in Banan District, Chongqing, the PRC	Residential project	Completed	Completed	51,172	208,915	–	148,082	90%
Total					347,399	780,035	278,464	548,339	

(b) *Investment properties*

During the Year 2016, the investment properties of the Group mainly included Wonder City（虹悅城）, certain units of Yuhua Salon（雨花客廳）A1, Tongjing Yuecheng Kindergarten（同景躍城幼稚園）, Nantong Youshan Meidi Garden Project（南通優山美地花園項目）, Zhenjiang Youshan Meidi Garden Project（鎮江優山美地花園項目）and Huitong Building Project（匯通大廈項目）.

	Address	Existing use	Term of contract	GFA *(sq.m.)*	Interest attributable to the Group
Nanjing					
Wonder City（虹悅城）	No. 619 Yingtian Da Jie, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Shopping mall	Medium-term covenant	100,605	100%
Yuhua Salon（雨花客廳）A1 (certain units)	No. 119 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Office	Medium-term covenant	17,973	100%
Yuhua Salon（雨花客廳）A1 (certain units)	No. 119 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Car park	Medium-term covenant	3,307	100%
Chongqing					
Tongjing Yuecheng Kindergarten（同景躍城幼稚園）	East of Yudong Street and Dajiang Road in Banan District, Chongqing, the PRC	Kindergarten	Medium-term covenant	1,223	90%
Nantong					
Nantong Youshan Meidi Garden Project（南通優山美地花園項目）	1888, Xinghu Avenue, Chongshan District, Nantong, Jiangsu Province, the PRC	Commercial	Medium-term covenant	20,876	100%
Huitong Building（匯通大廈項目）	20, Zhongxiu Street, Chongshan District, Nantong, Jiangsu Province, the PRC	Commercial	Medium-term covenant	20,461	100%
Zhenjiang					
Zhenjiang Youshan Meidi Garden Project（鎮江優山美地花園項目）	At the cross of Guyang North Road and Yushan North Road, Jingkou District, Zhenjiang, Jiangsu Province, the PRC	Commercial	Medium-term covenant	10,085	100%

(c) Green building services and entrusted construction

During the Year 2016, the Group engaged in providing technical design and consulting services, green building services and entrusted construction services in the PRC. Considering the Group's strategic development, the Group disposed of certain business which primarily provided green building services and energy station management services.

During the Year 2016, the revenue from both green building services and entrusted construction was approximately RMB192,520,000.

(d) Investments in property companies

In addition, during the Year 2016, the Group acquired in aggregate 559,865,959 shares of ADHL, a company listed on the Stock Exchange, representing approximately 26.8% of the issued share capital of ADHL as at the date of the acquisition announcement. ADHL is principally engaged in resort and property development, property investment and investment holdings. The Group's investment in ADHL had been accounted for as an investment in an associate under the equity method.

(2) Tourism business

During the Year 2016, the Group acquired certain companies and land properties in Australia and commenced tourism business. Currently, the Group has two property projects, namely, the Laguna project and the Sheraton project.

The Laguna project is located in Bloomsbury, Queensland, Australia, adjacent to a large-scale comprehensive development project in the Great Barrier Reef with a land lot site area of approximately 29,821,920 sq.m. The land is currently held for future development.

The Sheraton project comprises the Sheraton Mirage Resort and Golf Club project, which are located in Port Douglas, Queensland, Australia, a globally renowned tourist attraction. During 2015 and 2016, the Sheraton Mirage Resort and other nearby facilities underwent a large-scale refurbishment, including the refurbishment of the lobby, guest rooms, golf clubhouse, indoor landscape and outdoor landscape. The refurbishment took place in phases and in parts, during which the hotel had continued to operate and had been open to the public. The Sheraton project comprises 295 guest rooms, 4 restaurants and bars and an 18-hole golf course, with a total land lot site area of approximately 1,108,297 sq.m. and a total gross floor area of approximately 62,328 sq.m.

During the Year 2016, this segment recorded revenue of approximately RMB134,321,000, which was mainly derived from the Sheraton project.

(3) Investment business

During the Year 2016, the Group proactively developed its investment business.

The portfolio of listed equity investments of the Group held for trading as at 31 December 2016 and 31 December 2015 are set out as follows:

As at 31 December 2016

Stock code *(Note 1)*	Name	Number of shares held *(Note 2)*	Effective shareholding interest	Acquisition cost *RMB'000*	Carrying amount as at 31 December 2016 *RMB'000*	Unrealised holding gain arising on revaluation for the Year 2016 *RMB'000*	Realised gain arising on disposal for the Year 2016 *RMB'000*	Dividend received/ receivable for the Year 2016 *RMB'000*
153.HK	China Saite Group Company Limited	203,800,000	9.09%	95,024	96,844	1,820	–	–
1908.HK	C&D International Investment Group Limited	40,000,000	9.35%	142,902	184,657	41,434	–	–
2098.HK	Zall Group Ltd. ("**Zall Group**")	949,224,000	8.83%	947,452	5,125,172	3,276,615	–	–
8307.HK	Medicskin	80,000,000	16.65%	45,334	62,632	15,261	–	–
3332.HK	NSUCL	45,411,600	4.80%	65,375	67,809	2,433	–	–
Others					–	8,290	–	–
					5,537,114	3,345,853	–	–

Notes:

1. All of the above companies are listed on the Stock Exchange.

2. All of the shares held by the Group are ordinary shares of the relevant company.

The performance and prospect of the major investment during the Year 2016 are as follows:

Zall Group

The principal activities of the Zall Group include developing and operating large-scale wholesale shopping malls with a focus on sales of various consumer products and the related value-added businesses, such as warehousing, logistics, e-commerce and financial services in the PRC. The Group held approximately 949,224,000 shares in Zall Group, representing approximately 8.83% of its entire issued capital as at 31 December 2016. The carrying amount of the investment in Zall Group accounted for approximately 11% of the Group's total assets as at 31 December 2016. The Group believes that Zall Group's growth momentum remains strong and expects the Group's investment in Zall Group to continue to generate a return for the Group.

As at 31 December 2015

Stock code (Note 1)	Name	Number of shares held (Note 2)	Effective shareholding interest	Acquisition cost RMB'000	Carrying amount as at 31 December 2015 RMB'000	Unrealised holding gain arising on revaluation for the year ended 31 December 2015 RMB'000	Realised gain arising on disposal for the year ended 31 December 2015 RMB'000	Dividend received/ receivable for the year ended 31 December 2015 RMB'000
2098.HK	Zall Group	949,224,000	8.83%	947,452	1,598,115	620,676	–	–

Notes:

1. All of the above companies are listed on the Stock Exchange.
2. All of the shares held by the Group are ordinary shares of the relevant company.

Other Investments

Apart from the above listed equity investments, the Group contributed in aggregate approximately RMB200,000,000 to subscribe for approximately 11.6% equity interest in a newly established entity, JiangSu Non-state-owned Investment Holding Co., Ltd.*（江蘇民營投資控股有限公司）("**JiangSu NSO**"). JiangSu NSO is principally engaged in equity and debt investment. The investment is recorded as available-for-sale investments and stated at cost.

The Group also invested in a trust fund through which a domestic entrusted loan with a term of three years of a principal amount of approximately RMB400,000,000 was made via a financial institution in the PRC. In addition, the Group provided a short-term borrowing with a term of six months of HK$225,000,000 through its overseas subsidiary during the Year 2016. Furthermore, upon disposal of its subsidiary, the Group retained a borrowing due from that former subsidiary to the Group amounting to RMB125,000,000, which was fully repaid to the Group in March 2017. The above-mentioned loans were aimed to earn a higher interest return, and such investments had been presented as loan receivables from an accounting treatment aspect.

During the Year 2016, the Group acquired 70% issued share capital of Northern King Holdings Limited, Wise Stream Limited and Diligent Apex Limited (collectively referred to as "**BaoQiao Group**"), which are securities and asset management companies, at an aggregate consideration of HK$140,000,000, including cash consideration of HK$63,000,000 and the remaining HK$77,000,000 settled by way of newly issuance of shares by the Company. The final consideration were approximately RMB140,387,000 after considering the closing price on the share issuing date. The principal activities of BaoQiao Group are financial advisory and asset management businesses. After the acquisition, BaoQiao Group is expected to provide supporting and advisory services so as to develop the Group's business and to provide support to the financial activities of the Group.

The purpose of these investments are to further expand the resources of the Group, which in turn will increase its investment income and stabilize its long-term investment strategies. During the Year 2016, this segment recorded a profit before tax of approximately RMB3,390,300,000 (2015: RMB649,811,000), mainly attributable to the unrealised gain before tax from change in fair value of the listed securities amounting to approximately RMB3,345,853,000. As at 31 December 2016, the financial asset designated at fair value through profit or loss held was approximately RMB526,351,000 (2015: RMB10,419,000), the total amount of financial assets held for trading was approximately RMB5,537,114,000 (2015: RMB1,598,115,000). The total amount of the available-for-sale investments was approximately RMB1,070,090,000 (2015: Nil), and the total amount of loan receivables was approximately RMB728,216,000 (2015: Nil).

(4) **Healthcare business**

During the Year 2016, the Group completed the Shenzhen Anke acquisition project and Life-infinity acquisition project, and, using Fullshare Top*（豐盛榜）as a platform, the Group commenced its health industry business to facilitate the development of the Group's healthcare business.

During the Year 2016, the revenue, gross profit and gross profit margin of healthcare business were approximately RMB362,464,000, RMB103,962,000 and 29%, respectively.

Investments in health companies

During the Year 2016, the Group subscribed for 250,000,000 new shares of Hin Sang Group, a company listed on the Stock Exchange, representing approximately 23.8% of its then issued share capital, as enlarged by the issue of such 250,000,000 new shares of Hin Sang Group at a consideration of approximately HK$295,000,000 which was satisfied by way of issuance of the Company's new shares and cash. Hin Sang Group is principally engaged in marketing, sales and manufacturing of healthcare products to children. This investment is recorded as investment in an associate and accounted for by the equity method.

(5) **New energy business**

During the Year 2016, the Group acquired CHS (00658) which is listed on the Stock Exchange, and expanded its business in the research, design, development, manufacturing and distribution of a broad range of mechanical transmission equipment that are used to generate wind power and a wide range of industrial applications. During the Year 2016, this segment recorded revenue of approximately RMB916,079,000. The revenue was mainly derived from the businesses of supplying wind gear transmission equipment, industrial gear transmission equipment and marine gear transmission equipment.

(a) Wind gear transmission equipment

This business is a major business of the new energy business. During the Year 2016, sales revenue of wind power gear transmission equipment business was attributable to the fact that there was an overall increasing demand for wind power equipment from customers, and the PRC government had successively launched policies encouraging the development of renewable energy and offshore wind power through energy structure reform.

(b) Industrial gear transmission equipment

This business mainly focuses on supplying products to customers in industries such as metallurgy, construction materials, traffic, transportation, petrochemical, aerospace and mining. Owing to the uncertainty of the global economic environment and in light of the PRC government's conservative views on the future growth of the domestic economy, overcapacity of the equipment industry in the PRC remained during the Year 2016, therefore the Group adjusted the development strategy for traditional industrial gear transmission equipment. Above all, by leveraging on its research and development technologies, the Group focused on the development of energy-saving and environmentally-friendly products, and formulated strategies to facilitate sales growth by standardizing and modularizing its products. Meanwhile, the Group strengthened its efforts to provide and sell parts and components of relevant products to its customers, helping them to enhance the efficiency of its existing products without increasing capital expenditure, thereby maintaining its position as a major supplier in the traditional industrial transmission product market.

(c) Marine gear transmission equipment

Although the current shipbuilding market has experienced downturn as a result of the decrease in oil price and has been affected by international political and economic factors, Nanjing High Accurate Marine Equipment Co., Ltd. ("**NGC-MARINE**"), a non-wholly owned subsidiary of the Group, continued to achieve great performance in sales of high quality, accurate and advanced technology products and support major domestic projects. Recently, NGC-MARINE has supplied China Communications Construction Company Limited with the offshore wind power installation platform propeller system and the world's largest cutter-suction dredger with gear box. At present, with the aim of advancement and improvement in its business operation, NGC-MARINE plays an increasingly important role in the domestic and international marine industry.

Management Discussion and Analysis

Patented projects

The wind power business has high entry barriers and requires specific technical know-how. The Group enhances corporate growth by introducing new products and new technology. Various new products have made their debuts in the domestic market under the Group's on-going innovation of products and technologies. Leveraging its advanced technology and the premium quality of such technology, the Group has obtained over 100 national, provincial and municipal technology advancement awards, outstanding new products awards, certification for new products, certification for high and new tech products and certification of high and new tech enterprises. As at 31 December 2016, a total of 351 patents were granted to CHS and its subsidiaries (together the "**CHS Group**") in the PRC. In addition, 62 patent applications have been submitted by the CHS Group and are pending for approval. The CHS Group was the first producer to adopt the ISO1328 and ISO06336 international standards. It was nominated as an enterprise for the 863 State Plan and a Computer Integrated Manufacturing System (CIMS) Application Model Enterprise by the Ministry of Science and Technology of the PRC. In addition, CHS passed the ISO9001:2008 quality management system certification, ISO14001:2004 environmental management system certification and GB/T28001-2001 occupational health and safety management system certification. NGC-MARINE, a non-wholly owned subsidiary of the Group, has strictly complied with the international standards and the requirements of various classification societies in designing and manufacturing marine products. Its products have passed the inspection of and obtained certifications from classification societies such as China Classification Society (CCS) in the PRC, Bureau Veritas (BV) in France, Germanischer Lloyd (GL) in Germany, American Bureau of Shipping (ABS) in the United States, Lloyd's Register of Shipping (LR) in the United Kingdom, Registro Italiano Navale (RINA) in Italy, Det Norske Veritas (DNV) in Norway, Russian Maritime Register of Shipping (RMRS) in Russia and Nippon Kaiji Kyokai (NK) in Japan. The wind power products manufactured by Nanjing High Speed Gear Manufacturing Co., Ltd, a wholly-owned subsidiary of the Company, have obtained certifications from China Classification Society (CCS) and China General Certification Center (CGC) in the PRC as well as Technischer Uberwachungs-Verein (TUV), Germanischer Lloyd (GL) and DEWI-OCC Offshore and Certification Centre in Germany. Furthermore, the Group's rail transportation products have obtained certifications from International Railway Industry Standard (IRIS), and its locomotive and tractive gears have successfully obtained certification from China Railway Test & Certification Centre (CRCC).

PROSPECT

In 2017, the Group will continue to focus on the development of the five major sectors, namely manufacturing of new energy equipments, cultural tourism, medical healthcare, comprehensive property development and investment. The Group will also continue to integrate its operational and capital resources to be utilised for global quality healthcare management and services, medical treatment, cultural tourism, operation, property development and manufacturing of new energy equipments to expand its platform in the grand health industry with an aim to establish a win-win collaberation between customers, partners and the Group.

The Group has completed the acquisition of 73.91% equity interest in CHS in December 2016. During the Year 2016, the Group had consolidated the financial results for the one month period after the acquisition upon considering the impact of the valuation adjustment due to the acquisition together with the revenue and net loss contributed to Group which amounted to approximately RMB916 million and RMB100 million. If the impact of valuation adjustment and only one month period since acquisition were eliminated, the total amount of revenue and net profit contributed by CHS to the Group could be approximately RMB9 billion and RMB1 billion. With the continuous strong growth of new energy business and impact of results of a full financial year for 2017, it is expected that the new energy sector would become a new driver for the Group's development.

Besides, the Group currently holds a few listed equity investments. The share price fluctuation may lead to financial impacts to the Group's performance. In the past years, the performance of the equity investments held by the Group have been satisfactory. It is a fact that the share price fluctuation would be subject to multi-factors. Therefore, the Group will maintain the approach of diversification of investment risk, continuous enhancement on the investment portfolio and closely monitor the business condition of the listed equity investments. The Group will adjust the investment portfolio in a timely manner if necessary to minimise the financial impact of the share price fluctuation.

In 2017, the principal target of the Group's business operation continues to be achieving revenue and profit growth. The Group will continue to adopt the healthy financial management policies with a prudent attitude to optimize the financial structure and control the proportion of equity financing and debt financing domestically to enhance financial security.

For further details of the events after the Year 2016, including the Group's acquisitions and business update, please refer to note 57 to the consolidated financial statements attached to this annual report.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

The revenue of the Group increased by approximately RMB1,215,812,000, or 39%, from approximately RMB3,095,611,000 in Year 2015 to approximately RMB4,311,423,000 in Year 2016. The revenue in Year 2016 was derived from the properties segment, tourism segment, investment segment, healthcare segment and new energy segment of approximately RMB2,894,843,000, RMB134,321,000, RMB3,716,000, RMB362,464,000 and RMB916,079,000 respectively, and the revenue in Year 2015 was derived from the properties segment, tourism segment, investment segment and healthcare segment of approximately RMB2,662,894,000, RMB88,852,000, RMB7,761,000 and RMB336,104,000 respectively.

In Year 2016, the revenue of the properties segment increased by approximately RMB231,949,000, or 9%, as compared to Year 2015. The properties segment includes investment, development and sales of properties and provision of construction related services. Revenue increased in the properties segment was mainly due to increase in sales of properties from approximately RMB2,407,982,000 in Year 2015 to approximately RMB2,638,593,000 in Year 2016 with an average selling price increased from RMB15,477 per sq.m. to approximately RMB15,784 per sq.m.

The revenue of the tourism segment was mainly derived from a hotel operated in Australia. The revenue increased by approximately RMB45,469,000, or 51% as compared to Year 2015 mainly due to the marketing efforts made after completion of hotel refurbishment in the second half of Year 2016, and the enhancement of the average occupancy and daily rate.

The revenue of the healthcare segment increased by approximately RMB26,360,000, or 8%, which was mainly attributable to the increase in sales of medical equipments, of which the Computer Tomography (the "**CT**") and Superconducting Magnetic Resonance Imaging (the "**MRI**") systems recorded a significant increase as compared to Year 2015.

Revenue of approximately RMB916,079,000 from the new energy segment was derived from CHS. Since CHS has become a subsidiary of the Group by the end of November 2016, the Group consolidated its revenue in December 2016 only, which mainly included the sales of wind gear transmission equipment and industrial gear transmission equipment of approximately RMB651,885,000 and RMB63,388,000 respectively. If the combination had taken place at the beginning of the Year 2016, the revenue from the new energy segment would be increased by approximately RMB8,049,970,000 to approximately RMB8,966,049,000.

Cost of sales

The cost of sales of the Group increased by approximately RMB731,155,000, or 27%, from approximately RMB2,708,273,000 in Year 2015 to approximately RMB3,439,428,000 in Year 2016. The cost of sales in Year 2016 derived for the properties segment, the tourism segment, the investment segment, the healthcare segment and the new energy segment was approximately RMB2,151,576,000, RMB154,575,000, RMB698,000, RMB258,502,000 and RMB874,077,000 respectively, whereas the cost of sales in Year 2015 for the properties segment, tourism segment and healthcare segment was approximately RMB2,370,801,000, RMB100,770,000 and RMB236,702,000 respectively.

In Year 2016, the cost of sales for the properties segment decreased by approximately RMB219,225,000, or 9% as compared to Year 2015, of which the cost of sales for properties sales decreased by approximately RMB228,013,000 from approximately RMB2,237,370,000 in Year 2015 to approximately RMB2,009,357,000 in Year 2016. Decrease in cost of sales was mainly due to the consolidated adjustment of premium over the acquisition costs for properties delivered in Year 2015.

Cost of sales of the tourism segment increased by approximately RMB53,805,000, or 53% as compared to Year 2015. The increase of cost of sales was in line with the revenue growth.

Cost of sales of the healthcare segment increased by approximately RMB21,800,000, or 9% as compared to Year 2015. The increase in cost of sales was in line with the revenue growth.

Cost of sales of the new energy segment was approximately RMB874,077,000 in Year 2016. As the acquisition of CHS was completed in November 2016, the revaluation of inventories after the acquisition had resulted in a premium over its cost for the current period of approximately RMB298,188,000, if this accounting adjustment was excluded, the cost of sales would be approximately RMB575,889,000.

Gross profit and gross profit margin

The gross profit of the Group increased by approximately RMB484,657,000, or 125%, from approximately RMB387,338,000 in Year 2015 to approximately RMB871,995,000 in Year 2016. The gross profit margin increased from 13% in Year 2015 to 20% in Year 2016. The gross profit and gross profit margin in Year 2016 mainly derived from the properties segment, healthcare segment and new energy segment were approximately RMB743,267,000 and 26%, RMB103,962,000 and 29% and RMB42,002,000 and 5% respectively. As aforementioned, the lower gross profit margin of the new energy segment was mainly due to the adjustment of premium over the cost of inventory upon acquisition and if excluding this consolidated accounting adjustment, the gross profit margin of the new energy segment should be approximately 37% in Year 2016. Gross loss from the tourism segment in Year 2016 is approximately RMB20,254,000, which was mainly due to the large-scale refurbishment of the hotel since Year 2015 which decreased the accommodation quality and the occupancy rate of the hotel.

The gross profit and gross profit margin of the properties segment and the healthcare segment in Year 2015 were approximately RMB292,093,000 and 11% and RMB99,402,000 and 30% respectively. Gross loss from the tourism segment in Year 2015 was approximately RMB11,918,000.

The overall gross profit margin increased from 13% in Year 2015 to 20% in Year 2016, which was mainly due to the profit derived from the delivery of Amber Garden Phase I (琥珀花園一期), which accounted for a certain proportion of sales in Year 2015, was recognised in a gain on acquisition of the subsidiary that owns such project. The accounting effect of such cost premium had less impact in Year 2016 as compared with Year 2015. In addition, the overall gross profit ratio of the properties segment improved in Year 2016.

Only one month gross profit of the new energy segment has been consolidated to the Year 2016 of the Group, if the consolidation had taken place at the beginning of the Year 2016, the gross profit from new energy segment would be approximately RMB2,987,378,000 without considering the consolidated adjustment from premium of the inventory cost.

Other income and gains/losses, net

Other income and gains/losses, net increased by approximately RMB96,082,000, or 67%, from approximately RMB142,408,000 in Year 2015 to approximately RMB238,490,000 in Year 2016. Other income and gains/losses, net in Year 2016 mainly included other interest income of approximately RMB57,577,000, exchange gain of approximately RMB56,337,000 and bank-interest income of approximately RMB38,546,000. Other income and gains/losses, net in Year 2015 mainly included other interest income of approximately RMB91,301,000 and gain on disposal of owner-occupied property of approximately RMB14,048,000.

Fair value change in financial instruments

The Group maintains its investment business segment through holding and trading of various investment and financial products with potential or strategic use purposes. The Group recorded a net gain on change in fair value of financial instruments of approximately RMB3,361,459,000 in Year 2016, representing an increase of RMB2,740,364,000 or 441% as compared to RMB621,095,000 in Year 2015. The Group was committed to further investments in financial assets in Year 2016, which led to investments in various listed companies, and resulted in substantial growth in investment gains.

Gain on fair value change in transferring properties held for sale to investment properties

In Year 2015, certain properties held for sale with carrying amount of approximately RMB169,536,000 were transferred to investment properties, resulted in a gain on the change in fair value of approximately RMB147,464,000. There was no such gain in Year 2016.

Gain on disposal of subsidiaries, net

In Year 2016, the Group disposed of certain subsidiaries, and recorded a net total gain of approximately RMB98,502,000. In June 2016, the Group completed the disposal of 100% equity interest of Fullshare Green Building Group Company Limited*（豐盛綠建集團有限公司）(“**Fullshare Green Building**”) and its certain subsidiaries at a total consideration of RMB240,000,000 and recorded a gain before tax of approximately RMB14,283,000. In December 2016, the Group completed the disposal of 51% equity interest of Fudaksu Pte. Limited and its subsidiaries at a consideration of approximately RMB120,340,000 and recorded a gain before tax of approximately RMB64,124,000. In December 2016, the Group completed the disposal of 100% equity interest of Guangzhou Fullshare Healthcare Management Co., Ltd.*（廣州豐盛健康管理有限公司）(“**Guangzhou Fullshare Healthcare**”) and its subsidiaries at a consideration of RMB55,000,000 and recorded a gain before tax of approximately RMB45,460,000. In December 2016, the Group completed the disposal of 63% equity interest in Jiangsu New Best Zhong-Chuan Technology Co., Ltd *（江蘇新貝斯中傳科技有限公司）at a consideration of RMB18,000,000, and recorded a loss before tax of approximately RMB25,365,000.

In Year 2015, the Group recorded a total of gain of approximately RMB194,047,000 from disposal of certain subsidiaries. In June 2015, the Group completed the disposal of 100% equity interest of Jiangsu Province Fullshare Property Development Limited*（江蘇省豐盛房地產開發有限公司）at a consideration of RMB467,000,000 and recorded a gain before tax of approximately RMB79,492,000. In November 2015, the Group completed the disposal of 100% equity interest of Jurong Dasheng Property Development Limited*（句容達盛房地產開發有限公司）and Jurong Dingsheng Property Development Company Limited*（句容鼎盛房地產開發有限公司）at a total consideration of approximately RMB523,600,000 and recorded a gain before tax of approximately RMB67,858,000. In December 2015, the Group completed the disposal of 100% equity interest of Active Mind Investments Limited and its subsidiaries and Advance Goal Investments Limited and its subsidiaries at a total consideration of RMB859,214,000 and recorded a gain before tax of approximately RMB46,697,000.

Gain on a bargain purchase

In September 2016, the Group completed the acquisition of 100% equity interest of High Access International Investments Limited and its subsidiaries at a consideration of approximately RMB1,296,872,000 by issuing 341,555,000 shares of the Company. The Group recorded a gain on a bargain purchase recognised in acquisition of subsidiaries of approximately RMB3,752,000.

In February 2015, the Group completed the acquisition of 100% equity interest of Jiangsu Anjiali Zhiye Company Limited*（江蘇安家利置業有限公司）(“**Jiangsu Anjiali**”) and its subsidiaries (“**Anjiali Group**”) at a consideration of RMB438,000,000. As the fair value of the Anjiali Group’s is higher than the consideration, the Group recorded a gain on a bargain purchase recognised in the acquisition of the Anjiali Group of approximately RMB363,428,000.

Selling and distribution expenses

Selling and distribution expenses of the Group increased by approximately RMB92,362,000, or 68%, from approximately RMB136,441,000 in Year 2015 to approximately RMB228,803,000 in Year 2016, mainly due to one month selling and distribution expenses of approximately RMB59,074,000 from the newly acquired subsidiary, CHS, having been included in Year 2016, and the increase of related marketing and agency commission expenses of approximately RMB27,895,000 resulted from the increase in sales of properties within the property development segment.

Administrative expenses

Administrative expenses of the Group increased by approximately RMB343,106,000, or 204%, from approximately RMB168,346,000 in Year 2015 to approximately RMB511,452,000 in Year 2016, which was mainly due to: (i) the administrative expense of approximately RMB135,595,000 from CHS and approximately RMB127,145,000 from several newly acquired or established subsidiaries from the fourth quarter of Year 2015 to Year 2016; and (ii) the professional fee increased by approximately RMB53,197,000 incurred for acquisition projects in Year 2016. The administrative expenses in Year 2016 mainly included salaries and staff welfare of approximately RMB140,863,000, professional fees of approximately RMB87,696,000 and research and development expenses and license fee of approximately RMB100,555,000 (Year 2015: salaries and staff welfare of approximately RMB68,653,000, professional fee of approximately RMB15,739,000 and research and development expenses of approximately RMB23,666,000).

Finance costs

Finance costs of the Group decreased by approximately RMB14,645,000, or 14%, from approximately RMB104,641,000 in Year 2015 to approximately RMB89,996,000 in Year 2016 since the average borrowing during the Year 2016 was lesser than that of Year 2015.

Profit before tax

In Year 2016, the Group recorded a profit before tax of approximately RMB3,749,441,000. Excluding the gain on disposal of subsidiaries of approximately RMB98,502,000, gain on a bargain purchase of approximately RMB3,752,000 and a loss of approximately RMB10,745,000 on fair value assessment of convertible bonds, the profit before tax for the year would be approximately RMB3,657,932,000.

Income tax expense

In Year 2016, the Corporate Income Tax ("**CIT**") expense, the Land Appreciation Tax ("**LAT**") expense and the deferred tax expense of the Group amounted to approximately RMB289,070,000, RMB111,965,000 and RMB315,401,000, respectively, and in Year 2015, the CIT expense, the LAT expense and the deferred tax expense amounted to approximately RMB171,005,000, RMB44,464,000 and RMB10,961,000, respectively.

The current CIT expense in Year 2016 increased by approximately RMB118,065,000 as compared to Year 2015, mainly due to more gross profit generated from the properties segment than last year.

The LAT expense in Year 2016 increased by approximately RMB67,501,000 as compared to Year 2015, mainly due to an increase in the number of properties delivered in Year 2016 with a higher LAT tax rate.

The deferred tax expense in Year 2016 was mainly derived from the provision for the fair value gains in financial instruments of approximately RMB557,154,000 and deferred tax credit from reversal of deferred tax liabilities of approximately RMB76,981,000 recognised at the date of acquisition of CHS when the inventories are sold and reversal of approximately RMB144,737,000 recognised at the date of acquisition of Jiangsu Anjiali upon the delivery of property units of Amber Garden Phase II（琥珀花園二期）. The net deferred tax expenses in Year 2015 was RMB10,961,000, which mainly included the deferred tax credit from the reversal of deferred tax liabilities of approximately RMB158,810,000 recognised at the date of acquisition of Jiangsu Anjiali upon the delivery of property units of Amber Garden Phase I（琥珀花園一期）. Such credit was set off against the current PRC CIT and PRC LAT recognised for this project. At the same time, the deferred tax expense of approximately RMB102,412,000 and approximately RMB65,806,000 were recognised respectively for the gain on change in fair value of financial assets at fair value through profit or loss and gain on fair value change in transferring properties held for sale to investment properties.

Profit for the year

In Year 2016, the Group recorded a profit of approximately RMB3,033,005,000. Excluding the net profit on disposal of subsidiaries of approximately RMB98,502,000, gain on a bargain purchase of approximately RMB3,752,000 and a loss of approximately RMB10,745,000 on fair value assessment of convertible bonds, the Group recorded a net profit of approximately RMB2,941,496,000. In Year 2015, the Group recorded a net profit of approximately RMB1,219,922,000. Excluding the gain on a bargain purchase recognised in the acquisition of subsidiaries of approximately RMB363,428,000, the gain on disposal of subsidiaries of approximately RMB194,047,000 and the gain on fair value change in transferring properties held for sale to investment properties of approximately RMB147,464,000, net finance costs of approximately RMB21,763,000 incurred to finance the acquisition of subsidiaries and the relevant tax expenses or deferred tax provision of approximately RMB93,685,000 for the above gain and expenses, the Group recorded a net profit of approximately RMB630,431,000 for the Year 2015. The adjusted net profit was increased by approximately RMB2,311,065,000 in Year 2016 as compared to the Year 2015. The increase in net profit was mainly due to the increase in net profit after tax of the investment segment of approximately RMB2,265,747,000. The adjusted net profit of approximately RMB2,941,496,000 was derived from investment segment of approximately RMB2,813,146,000 and other operating segments of approximately RMB128,350,000.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

In Year 2016, the Group financed its operations and investments mainly by internally generated funds, equity financing and debt financing.

Cash position

Cash and cash equivalents of the Group increased by approximately RMB2,623,517,000, or 211%, from approximately RMB1,240,557,000 as at 31 December 2015 (excluding pledged bank deposits) to approximately RMB3,864,068,000 as at 31 December 2016 (excluding pledged bank deposits), which as compared to 31 December 2015. The increase was mainly attributable to the consolidation of the cash and cash equivalents of CHS, a subsidiary acquired in November 2016.

Bank and other borrowings

As at 31 December 2016, bank and other borrowings of the Group amounted to approximately RMB8,975,918,000, including bank loans of approximately RMB7,498,855,000 and other borrowings of approximately RMB1,477,063,000. Among total bank and other borrowings, approximately RMB6,225,935,000 are repayable within one year, RMB991,841,000 are repayable over one year but not exceeding two years, RMB856,125,000 are repayable over two years but not exceeding five years and RMB902,017,000 are repayable over five years. As at 31 December 2015, bank and other borrowings of the Group amounted to approximately RMB977,270,000, including bank borrowings of approximately RMB614,730,000 and other borrowings of approximately RMB362,540,000. Among total bank and other borrowings, approximately RMB814,355,000 are repayable within one year, approximately RMB46,665,000 are repayable over one year but not exceeding two years, approximately RMB45,000,000 are repayable over two years but not exceeding five years and approximately RMB71,250,000 are repayable over five years.

The borrowings balance increased by approximately RMB7,998,648,000, or 818%, from 31 December 2015 to 31 December 2016, mainly attributable to the inclusion of borrowings of CHS, a subsidiary acquired in November 2016 and additional funding needed for operation and investment.

Leverage

As at 31 December 2016, total cash and cash equivalents of the Group amounted to approximately RMB3,864,068,000 (31 December 2015: approximately RMB1,240,551,000, excluding pledged bank deposits). Total balances of bank and other borrowings, obligation under finance lease, convertible bonds and corporate bonds amounted to approximately RMB9,014,993,000 as at 31 December 2016 (31 December 2015: approximately RMB985,013,000). The gearing ratio of the Group as at 31 December 2016, calculated as a ratio of the sum of bank and other borrowings, obligation under finance lease, convertible bonds and corporate bonds to total assets, was approximately 19% (31 December 2015: approximately 11%). The net equity of the Group as at 31 December 2016 was approximately RMB26,178,553,000 (31 December 2015: approximately RMB5,318,236,000).

As at 31 December 2016, the Group recorded total current assets of approximately RMB28,477,128,000 (31 December 2015: approximately RMB8,555,807,000) and total current liabilities of approximately RMB17,356,839,000 (31 December 2015: approximately RMB3,478,013,000). The current ratio of the Group, calculated by dividing total current assets by total current liabilities, was about 1.6 as at 31 December 2016 (31 December 2015: approximately 2.5).

FOREIGN EXCHANGE EXPOSURE

The assets, liabilities and transactions of the Group are mainly denominated in RMB, Hong Kong dollars, Australian dollars, US dollars and Euros. The Group currently does not have a foreign currency hedging policy. In order to manage and reduce foreign exchange exposure, the management will evaluate the Group's foreign exchange exposure from time to time and take actions as appropriate.

TREASURY POLICIES

As at 31 December 2016, bank and other borrowings of approximately RMB8,427,259,000, RMB409,919,000 and RMB138,740,000 were denominated in RMB, Hong Kong dollars and US dollars respectively (31 December 2015: RMB977,270,000 denominated in RMB). Bank and other borrowings of approximately RMB6,571,858,000 were at fixed interest rates, the rest balances were either at variable rates or non-interest bearing. Cash and cash equivalents held by the Group were mainly denominated in RMB and Hong Kong dollars. The Group currently does not have foreign currency and interest rate hedging policies. However, the management of the Group monitors the foreign exchange and interest rate exposure from time to time and will consider hedging significant foreign exchange and interest rate exposure if needed.

As at 31 December 2016, trade and bills receivables and trade and bills payables of the Group were approximately RMB7,281,539,000 and RMB6,870,880,000 (31 December 2015: approximately RMB275,719,000 and RMB501,956,000), respectively. The Group has a policy in financial risk management to ensure settlement of all receivables and payables during the credit period.

PLEDGE OF ASSETS

Details of the Group's pledged assets as at 31 December 2016 are set out in note 50 to the consolidated financial statements attached to this annual report.

Management Discussion and Analysis

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES OR ASSOCIATED COMPANIES

To expand the scale of operations and improve the quality of the assets of the Group, the Group conducted and completed the following material corporate acquisitions and disposals in Year 2016:

On 3 February 2016, Nanjing Fullshare Asset Management Limited*（南京豐盛資產管理有限公司）(“**Nanjing Fullshare Asset Management**”) (as the purchaser and an indirect wholly-owned subsidiary of the Company) and Nanjing Fullshare Holding and Mr. Ji (as the vendors) entered into the share transfer agreement, pursuant to which Nanjing Fullshare Asset Management conditionally agreed to acquire and Nanjing Fullshare Holding and Mr. Ji conditionally agreed to sell 72.19% of the issued share capital in Shenzhen Anke for an aggregate cash consideration of RMB140,000,000. The Group completed the acquisition on 17 May 2016, details of which were set out in the announcements of the Company dated 3 February 2016 and 17 May 2016, respectively, and the circular of the Company dated 24 March 2016.

On 21 April 2016, (i) Five Seasons V Pty. Ltd. (“**Five Seasons V**”) (as the purchaser), an indirectly wholly-owned subsidiary of the Company and Fullshare International (Australia) Pty Ltd (“**Fullshare International (Australia)**”) (as the vendor), an indirect wholly-owned subsidiary of Fullshare Technology Group Limited*（豐盛科技集團有限公司）(“**Fullshare Technology**”) entered into the share sale and purchase agreement, pursuant to which the Five Seasons V conditionally agreed to purchase and Fullshare International (Australia) conditionally agreed to sell 100% of the issued share capital of certain companies, each of which was a direct wholly-owned subsidiary of the Fullshare International (Australia), for an aggregate cash consideration of AUD29,224,085; and (ii) Five Seasons V (A) Pty. Ltd. (“**Five Seasons V(A)**”) (as the purchaser), an indirectly wholly-owned subsidiary of the Company and Laguna Whitsundays Airport Pty Ltd as trustee for the Laguna Whitsundays Airport Unit Trust (“**Laguna Whitsundays**”) (as the vendor), an associate of Mr. Ji and a connected person of the Company entered into the land sale agreement, whereby, among other things, Five Seasons V(A) conditionally agreed to purchase and Laguna Whitsundays conditionally agreed to sell certain land properties at an aggregate cash consideration of AUD18,776,015. The Group completed the acquisition on 4 May 2016, details of which were set out in the announcements of the Company dated 5 January 2016 and 21 April 2016, respectively.

On 27 April 2016, the Company entered into the subscription agreement with Hin Sang Group, pursuant to which the Company has conditionally agreed to subscribe for and Hin Sang Group has conditionally agreed to allot and issue a total of 250,000,000 new shares of Hin Sang Group (“**HS Subscription Share(s)**”) at the total consideration of HK$295,000,000 (equivalent to HK$1.18 per HS Subscription Share), which were paid by the Company as to HK$64,600,000 in cash and as to the remaining balance of HK$230.4 million by allotment and issue of 118,765,000 consideration shares of the Company. The Group completed the subscription on 24 June 2016, details were set out in the announcement of the Company dated 27 April 2016.

On 6 May 2016, the Company and Infinity Heroes Limited entered into a sale and purchase agreement whereby, among other things, the Company conditionally agreed to acquire 51% of the issued share capital in Five Seasons IX Limited, which holds two medical companies as its operating subsidiary, at a consideration of RMB1,581,000. On the same date, Guangzhou Fullshare Healthcare, a wholly-owned PRC incorporated subsidiary of the Company, entered into an assignment with Mr. Deng and one of the medical company held by Five Seasons IX Limited, pursuant to which. Guangzhou Fullshare Healthcare conditionally agreed to assume 51% of the balance of the existing shareholder's loan based on the accounts of such medical company as at completion of the sale and purchase agreement, owing by the medical company to Mr. Deng at a consideration of RMB35,700,000. The Group completed the acquisition on 18 May 2016, details of which were set out in the announcement of the Company dated 6 May 2016.

On 22 June 2016, 南京豐利股權投資企業（有限合夥）(Nanjing Fengli Equity Investment Enterprise (Limited Partnership)*) ("**Nanjing Fengli**") and Nanjing Shengmao Asset Management Company Limited*（南京盛茂資產管理有限公司）("**Nanjing Shengmao Asset Management**") (together as the vendors), Jiasheng Construction Group Co., Ltd.*（嘉盛建設集團有限公司）("**Jiasheng Construction**") (as the purchaser) and Fullshare Green Building entered into the equity transfer agreement, pursuant to which Nanjing Fengli and Nanjing Shengmao Asset Management conditionally agreed to sell and Jiasheng Construction conditionally agreed to acquire the entire equity interest in Fullshare Green Building, an indirectly wholly-owned subsidiary of the Company, for a cash consideration of RMB240,000,000. The Group completed the disposal on 29 June 2016, details of which were set out in the announcement of the Company dated 22 June 2016.

On 4 July 2016, the Group entered into certain business sale agreements and land sale agreements with the relevant vendors, pursuant to which the Group conditionally agreed to purchase and the relevant vendors conditionally agreed to sell the respective rights and assets in operating the business of a hotel, villa management and country club and resort stores in Australia for a total consideration of AUD800,000 and certain land properties located in Australia for a consideration of AUD59,400,000. The Group completed the purchase on 9 November 2016, the details of which were set out in the announcements of the Company dated 4 July 2016, 25 July 2016, 30 September 2016 and 7 December 2016 respectively and the circular of the Company dated 25 August 2016 respectively.

On 22 July 2016, the Group (as the purchaser) entered into two sale and purchase agreements with (i) BaoQiao Partners Holdings Limited (as the seller) and Ms. Lin Wai Yan, pursuant to which the Group conditionally agreed to purchase 70% equity interest in each of Northern King Holdings Limited and Wise Stream Limited; and (2) Ms. Lin Wai Yan (as the seller), pursuant to which the Group conditionally agreed to purchase 70% equity interest in Diligent Apex Limited, respectively. The aggregate consideration for the aforesaid acquisitions is HK$140,000,000, among which HK$63,000,000 shall be settled by cash and the remaining balance shall be satisfied by allotment and issue of 26,642,500 consideration shares of the Company. The Group completed the acquisitions on 6 December 2016, the details of which were set out in the announcement of the Company dated 22 July 2016.

Management Discussion and Analysis

On 12 August 2016, 南京豐盛大族科技股份有限公司 (Nanjing Fullshare Dazu Technology Company Limited*) ("**Nanjing Fullshare Technology**") (as the purchaser and a wholly-owned subsidiary of the Company) and Nanjing Zhonghe Shiye Investment Development Company Limited*（南京中闔實業投資發展有限公司）("**Nanjing Zhonghe**", as the vendor) entered into the equity transfer agreement, pursuant to which Nanjing Fullshare Technology agreed to purchase and Nanjing Zhonghe agreed to sell 35% of the total equity interest in Nanjing Jiansheng Real Estate Development Company Limited*（南京建盛房地產開發有限公司）for a cash consideration of RMB17.5 million. The Group completed the acquisition on 27 September 2016, details of which were set out in the announcement of the Company dated 12 August 2016.

On 29 August 2016 and 27 September 2016, the Company (as the purchaser) and Mr. Li Changming ("**Mr. Li**", as the vendor) entered into the equity transfer agreement and the supplemental equity transfer agreement, pursuant to which the Company conditionally agreed to acquire and Mr. Li conditionally agreed to sell to the Company 100% equity interest in High Access International Investment Limited（高通國際投資有限公司）for a consideration of RMB1,007 million, which shall be satisfied by the allotment and issue of 341,555,000 consideration shares of the Company. The Groups completed the acquisition on 7 September 2016, the details of which were set out in the announcement of the Company dated 29 August 2016 and 27 September 2016 respectively.

On 14 September 2016, Rich Unicorn Holdings Limited, a direct wholly-owned subsidiary of the Company (as purchaser) ("**Rich Unicorn**") entered into the sale and purchase agreement among Millenniums Capital Asia Limited ("**MCAL**") (as seller), and Ms. Wang Jingyu (as warrantor), pursuant to which Rich Unicorn conditionally agreed to purchase the 465,725,959 shares of ADHL beneficially owned by MCAL, representing approximately 22.309% of the issued share capital of ADHL at a cash consideration of HK$436,000,000. The Group completed the above subscription on 14 September 2016, the details of which were set out in the announcement of the Company dated 14 September 2016.

On 19 September 2016, a joint announcement was made by the Company and CHS in relation to the voluntary conditional share exchange offer to be made by BaoGiao Partners Capital Limited on behalf of Five Seasons XVI Limited (a wholly-owned subsidiary of the Company) ("**Five Seasons XVI**") to acquire all of the issued shares in the share capital of CHS (other than those already owned by Five Seasons XVI and parties acting in concert with Five Seasons XVI) (the "**Offer**") based on the exchange ratio of five new shares of the Company for every two shares of CHS. On 5 December 2016, the Company and CHS jointly announced that the Offer was closed, and Five Seasons XVI received valid acceptances in respect of 1,208,577,693 shares of CHS under the Offer, representing approximately 73.91% of the then issued share capital of CHS upon the close of the Offer. The details of the Offer were set out in the announcements of the Company dated 19 September 2016, 29 September 2016, 24 October 2016, 31 October 2016, 1 November 2016, 4 November 2016, 10 November 2016, 11 November 2016, 15 November 2016, 16 November 2016, 17 November 2016, 18 November 2016, 21 November 2016 and 5 December 2016 respectively and the circulars of the Company dated 31 October 2016 and the composite document and supplemental document in respect of the Offer dated 31 October 2016 and 18 November 2016 respectively.

On 9 December 2016, the Group and SOX Childcare Centres Pty Ltd (as the vendor) entered into the subscription and share sale agreement, pursuant to which the vendor conditionally agreed to sell, and the Group conditionally agreed to purchase, the 90% of the issued share capital of Sparrow Early, for cash consideration of AUD72,900,000, and the Group would pay extra earn out payment of not more than AUD8,100,000 if Sparrow Early is able to meet the required profit goal. The Group completed the acquisition on 20 January 2017, the details of which were set out in the announcement of the Company dated 9 December 2016.

The Company confirms that it has complied with all the disclosure requirements under Chapter 14 and 14A of the Rules Governing the Listing of Securities on The Stock Exchange (the "**Listing Rules**").

In Year 2016, save as disclosed in this annual report, the Group did not have any material acquisition or disposal of subsidiaries or associates.

OPERATING SEGMENT INFORMATION

Details of the operating segment information of the Group in the Year 2016 are set out in note 4 to the consolidated financial statements attached to this annual report.

CAPITAL COMMITMENTS

Details of the capital commitments of the Group as at 31 December 2016 are set out in note 52 to the consolidated financial statements attached to this annual report.

CONTINGENT LIABILITIES

Details of contingent liabilities of the Group as at 31 December 2016 are set out in note 49 to the consolidated financial statements attached to this annual report.

PROPOSED FINAL DIVIDEND

The Board have resolved to recommend a final dividend of RMB1.5 cents (2015: RMB1.0 cent) per share in cash distributed from the share premium account of the Company for the Year 2016 to the shareholders of the Company (the "**Shareholders**") whose names appear on the register of members of the Company on 25 May 2017. Such final dividend will not be subject to any withholding tax. As at 31 December 2016, the balance of the Company's share premium account was approximately RMB17,787,077,000. After the payment of the final dividend, assuming there are no other changes to the share premium account, the balance of the Company's share premium account is expected to be reduced to approximately RMB17,491,141,000. The proposed final dividend will be declared in RMB but paid in Hong Kong dollars. The final dividend payable in Hong Kong dollars will be converted from RMB at the middle rate of RMB to Hong Kong dollars of 1.13 as announced by the Hongkong and Shanghai Banking Corporation Limited as at 30 March 2017.

The proposed final dividend is subject to the approval of the Shareholders at the forthcoming annual general meeting (the "**AGM**") to be held on 19 May 2017. The final dividend is expected to be paid on 15 June 2017.

Management Discussion and Analysis

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM of the Company to be held on Friday, 19 May 2017, the register of members of the Company will be closed from Tuesday, 16 May 2017 to Friday, 19 May 2017, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:00 p.m. on Monday, 15 May 2017.

For determining the entitlement to the proposed final dividend for the Year 2016 (subject to approval by the Shareholders at the AGM), the register of members of the Company will be closed from Thursday, 25 May 2017 to Wednesday, 31 May 2017, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible for the above proposed final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:00 p.m. on Wednesday, 24 May 2017.

STAFF AND REMUNERATION POLICIES

As at 31 December 2016, the Group had about 9,325 employees (31 December 2015: 768 employees). The Group's total staff costs (including executive directors' remuneration) amounted to approximately RMB230,130,000 for the Year 2016 (Year 2015: RMB93,453,000). Employee remunerations are determined according to the Group's operating results, job requirements, market salary level and ability of individuals. The Group regularly reviews its remuneration policy and additional benefit programs and makes necessary adjustments to ensure they in line with industry level. In addition to basic salaries, the Group has established revenue sharing programs and performance appraisal plans to provide rewards according to the Group's results and employees' individual performance.

SUBSEQUENT EVENTS

As at 31 December 2016, details of the subsequent events of the Group are set out in note 57 to the consolidated financial statements attached to this annual report.

Environmental, Social and Governance Report

ABOUT THIS REPORT

The Company is a service provider that advocates a "grand healthy" lifestyle. Fullshare's "grand healthy" initiatives include four main aspects: healthcare, healthy lifestyle, health investment and health O2O. Our current business scope is very comprehensive and mainly includes sales of health products and provision of health services, operating hotels and resorts, as well as investment in global premium brands and establishing internet platforms to promote a healthy lifestyle, with coverage including areas such as mainland China, Southeast Asia and Australia.

The Group is actively expanding its businesses, whereby the current geographical distribution covers mainland China, Southeast Asia and Australia. Unless otherwise stated, this report focuses on the Company's property segment business and healthcare segment business in mainland China and its Hong Kong headquarters, excluding our new energy segment business, green construction service, investment and overseas business. Although this report does not cover all of our businesses, those mentioned are our key development segments. Except new energy segment, other excluded business segments were still under development during the reporting year, which contributed a smaller portion of our income and constituted a smaller portion of our assets. We look forward to expanding the scope of our report, covering more or even all of our business segments. For details of each business segment, please refer to the section headed "Management Discussion and Analysis – Business Review".

This report is our third Environmental, Social and Governance ("**ESG**") Report. We have complied with the "Environmental, Social and Governance Reporting Guide" set out in Appendix 27 of the Listing Rules, covering the measures and actions taken and results achieved by the Group in relation to ESG matters during the reporting period from 1 January 2016 to 31 December 2016.

BUSINESS OVERVIEW

Property

The property segment mainly comprises property development. Apart from residential projects, other key property projects being developed include projects involving the development of hotels, offices and apartments. As at 31 December 2016, the Group owned 5 residential/commercial property projects under development in Nanjing and Chongqing, including Yuhua Salon（雨花客廳）– a first class urban ecological complex in Nanjing with an aggregate GFA of approximately 507,661 sq.m., Amber Garden（琥珀花園）– which contains residential and ancillary facilities, ZhuGong（諸公）– which offers low-density and cosy residential units, ShuXiangYuan（書香苑）– a high-rise property project with small apartments, and TongJingYueCheng（同景躍城）which has a GFA of approximately 210,138 sq.m.

Yuhua Salon is the first healthy-living experience demonstration area in China. It consists of four service functions: commercial, business, office and residential. There are different features in different areas of Yuhua Salon, for example, Brunei cultural food and health zone, urban farming pilot zone and luxurious healthcare experience zone, etc. As the first low-carbon environmentally friendly property project in Nanjing which uses an advanced geothermal technology system and rooftop garden design, occupants of Yuhua Salon may enjoy a healthy lifestyle created by environmentally friendly technology amid their busy work schedules. Yuhua Salon is expected to be completed in phases from 2017 to 2018. Amber Garden is a residential development project, with an aggregate area of approximately 79,717 sq.m. and an aggregate GFA of approximately 214,227 sq.m. ZhuGong is a large scale low-density residential development project, with an aggregate site area of approximately 49,220 sq.m. and an aggregate GFA of approximately 96,298 sq.m., providing only approximately 346 residential units. ShuXiangYuan is a residential development project, with an aggregate site area of approximately 11,804 sq.m. and an aggregate GFA of approximately 52,678 sq.m. TongJingYueCheng is a large scale residential development project, with an aggregate site area of approximately 51,172 sq.m. and an aggregate GFA of approximately 210,138 sq.m.

Healthcare

The Group's subsidiary Shenzhen Anke is a top-notch large scale medical imaging equipment manufacturer in China. It focuses on the development, production and sales of large medical imaging equipment, including equipment used for MRI, CT, DR, Ultrasound Diagnosis, Picture Archiving and Communication System, Neurosurgery Navigation System, Orthopaedic Navigation System, High Accurate Brain Stereo-tactic System, High Pressure Injector, Mammography System. It indirectly sells professional advanced medical devices to over 3,000 hospitals and medical institutions in China.

Apart from research and development and production of medical equipment, Life-infinity, another subsidiary of the Group, owns a high-end medical centre with an area of 10,000 sq.m. and focuses on disease prevention, cure and recovery services. In particular, Life-infinity especially focuses on a holistic approach to anti-aging of both internal organs and outward appearance, early screening and prevention of cancer and adjuvant therapy, as well as chronic disease management and rehabilitation. Life-infinity works with hundreds of senior experts in different academic disciplines from Europe, USA, Japan, Singapore, Taiwan and mainland China. As a pioneer in importing world-class healthcare technology into China, Life-infinity provides elites with functional medicine adjustment, hormone anti-aging treatment, NCR nerve conduction, internal and external rejuvenation management, biological medicine detoxification, nutritional medicine, physical rehabilitation, psychological counselling, and other all-round health management services.

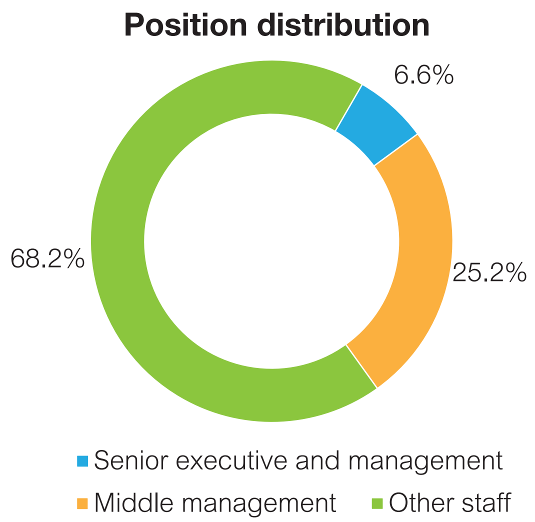
Healthy Workplace

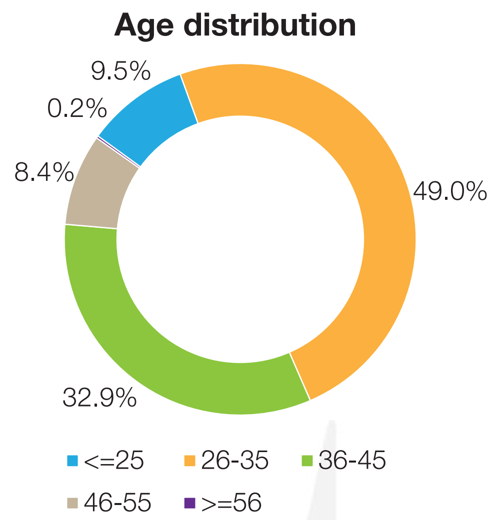
Positioned as "a leading global provider of healthcare services", the Group delivers healthcare services to its customers and provide a healthy workplace to its employees. We understand that recruiting people with high calibre and retaining outstanding employees lead us to success, especially during the time of expanding and commencing new businesses. We can still effectively consolidate our existing business and achieve the required standards, thanks to the contribution by each employee to the Company. Accordingly, it has been our policy to provide our staff with a healthy workplace. During the reporting period, the Group had a total of 9,325 employees, among whom 25, 12, 223, 721 and 8,344 were from the Hong Kong headquarters, Singapore and Australia branches, property segment, healthcare segment and new energy segment respectively.

As a renowned Company with over 1,000 employees, we have established a sound "human resources management system" to manage our employees. The management system comprises rules covering a number of different areas such as recruitment and employment management, internal talent recommendation management, welfare management and training management. In addition to the management system, the Group also gives a "Fullshare Asset Employee Handbook" to each employee upon first joining the Company to keep each employee informed of the Company's policies, systems and processes.

We believe that human resources management, recruitment and retaining outstanding staff fairly and openly, providing staff with a safe and ideal working environment, placing emphasis on the welfare and needs of staff and committing more resources to providing various training programmes can both effectively boost staff's career development and enhance the Group's competitiveness, and subsequently delivering quality and premier products and services.

The distribution of the employees of the Group by position and age for the reporting year are as follows:





Emphasis on Integrity and Ability, with Integrity Coming First

"Emphasis on Integrity and Ability, with Integrity Coming First" is the concept upheld by the Group for recruiting and managing its talents. We believe excellent, talented people must possess both integrity and ability. Based on the belief that "we will break a rule to engage people with both integrity and ability; we will only cultivate and engage people only with integrity; but we will never engage people only with ability", we have three principles in recruitment and employment: (i) we comply with the principles of openness, fairness and impartiality; (ii) we give priority to internal candidates if there is a vacant position; (iii) employees are recruited in strict compliance with the job qualification requirements. During our recruitment process, we will not take into account an applicant's gender, appearance and age or other facts which are unrelated to competencies and qualifications of the applicant. The Group strictly abides by the "Labour Law of the People's Republic of China" to ensure candidates will not be discriminated against or treated unfairly because of nationality, race, gender and religious belief throughout the recruitment process. Moreover, in accordance with China's "Rules for the Prohibition of the Use of Child Labourers" and "Rules for the Special Protection of Minor Workers", we prohibit the recruitment of minors under the age of 16, and verify whether the identity of an applicant is true or not by stringently inspecting the relevant documents of such applicant so as to meet the recruitment requirements.

Environmental, Social and Governance Report

During the reporting period, the Hong Kong headquarters, property segment and healthcare segment had 9, 9 and 211 new recruits respectively.

On the other hand, we have established a sound performance management policy and a systematic promotion mechanism in order to retain talented employees. The Group assesses employees at different positions in different assessment periods, such as monthly, quarterly and annual assessments. We set appropriate work objectives for our employees with the "SMART" principle (S-specific; M-measurable; A-attainable; R-realistic; T-timely), assist the employees in planning common goals with the Group and motivate them to improve their performance on an ongoing basis. If an employee performs outstandingly and satisfies the job and promotion requirements, and a management position is vacant, the employee can be promoted to a more senior position. Under the current system, the number of staff turnovers decreased substantially during the year due to fair and equal treatment towards all employees. Especially in the property segment, the number of staff turnover cases fell substantially to 16 this year from 35 last year, suggesting that the system and mechanism have been working remarkably.

Staff Treated Well; Be People-oriented

In terms of remuneration and benefits, the Group has formulated a competitive compensation package and welfare system to attract and motivate talent. The remuneration of employees is determined according to factors including the Group's operating performance, job requirements, market salary level and individual ability of the employees based on the "Regulations for Managing Compensation and Welfare" and "Regulations for Managing Performance Appraisal". The Group regularly reviews the "Regulations for Managing Compensation and Welfare" and will make necessary adjustments to match the level of compensation in the industry to achieve the mutual development and growth of the employees and the enterprise.

For the property segment and healthcare segment, we provide welfare security for our staff in strict compliance with the national and local labour laws and regulations of the PRC. The Group has also formulated the "Rules Governing Welfare" and the "Rules Governing Attendance and Leave", which specify the benefits that staff members are entitled to, mainly including the social insurance stipulated in China (endowment insurance, unemployment insurance, industrial injury insurance, maternity insurance and medical insurance), housing provident fund, holidays (statutory festivals, leave for personal affairs, sick leave, marriage leave, bereavement leave, maternity leave, paternity leave, breastfeeding leave, miscarriage leave, work-related injury leave and annual leave) and other benefits. In addition to the basic salaries and benefits, we also provide a good working environment and care for the needs of our staff. Most of our subsidiaries will grant additional welfare benefits and wages to their staff in addition to their basic salaries during the Spring Festival, Dragon Boat Festival, Mid-Autumn Festival and Women's Day every year as well as on staff's birthdays, for their marriage or bereavement services, when they give birth to babies or are under hospital confinement due to serious illnesses. Moreover, the Group also provides existing staff with three to four daily work meals. This will not only enhance the solidarity among the staff of the Group, but also allow staff to appreciate the Group's concept of a "people-oriented" approach.

We place emphasis on a work-life balance, and ensure that all employees have adequate rest. The working hours of the employees of the Group are 8 hours a day and 40 hours a week, and the employees of the property segment and healthcare segment have a 2-hour break at noon. Depending on different seasons, regions and business needs, the working schedule and break schedules are slightly different. In general, the Group does not encourage staff to work overtime, respects the personal time of staff and encourages staff to finish their work efficiently within 8 working hours. For the property segment and healthcare segment, we also implement a stringent overtime system, under which an employee who needs to work overtime must submit an "Overtime Application Form" within a week to be filed with the personnel management module for the record after being approved according to the approval authority of the Group to ensure that the reasons for overtime arise from work requirements and assure that the employee has sufficient time to rest. For staff members who need to work overtime, the Group will reward them with a compensation representing 1.5 to 3 times of their basic salaries.

Outside the office, the Group hosts and participates in different leisure and recreational activities as well. In April 2016, the staff from Shenzhen Anke participated in the “**Shekou European Cup**” football match, which enabled the staff to establish a tacit understanding and trust among themselves. On 29 May 2016, Shenzhen Anke’s administration department hosted a parenting event “**Growing up with Children**” to mark the Children’s Day on 1 June. Nearly 40 Shenzhen Anke’s families and their children participated enthusiastically, with numerous friends and relatives coming to cheer them up. At this event, a number of interesting, highly interactive parent-child entertainment programmes were arranged, such as a free visit to Shenzhen Anke’s office area and production area offering a very enjoyable and educational experience, lucky draw, group singing, taking group photographs, family talent show and so on, reflecting Shenzhen Anke’s care for its staff and their families.

For the Hong Kong headquarters, the Group made a sponsorship of HK$20,000 towards the “**New Territories Walk”** hosted by The Community Chest in March 2016, and a team formed by Fullshare’s employees and their family members participated in the event. On the one hand, the Group hopes that it can support social welfare agencies providing “**family and children welfare services**” and put into practice its pledge of serving society. On the other hand, the Group can encourage its employees to participate in charitable activities. In addition, we will host an annual dinner each year to express appreciation to our employees for their efforts, during which events such as tango, singing and live band performances will be arranged for high-spirited employees. We deeply believe that hosting various activities will help employees achieve the goal of work-life balance and boost their senses of belonging towards the Group.

No Discrimination; Equal Opportunities

The Group has a set of comprehensive policies on equal employment opportunities and anti-discrimination by undertaking that staff members are entitled to equal job opportunities and various welfare policies regardless of their gender, age, nationality, race, sexual orientation, political stance, physical condition or religion. We believe a workforce with different backgrounds will not have any negative impact on the Group. Instead, it can create a more diverse work environment.

We do not allow discrimination, sexual harassment or bullying in the Group. As at the reporting date, the Group did not have any discrimination, sexual harassment or bullying complaints.

For the property segment and healthcare segment, the Group caters for the needs of female employees who have just become maternal. We provide female employees who had given birth to new-borns for no longer than one year with two 30-minute breastfeeding break sessions in accordance with the "Law of the People's Republic of China on the Protection of Women's Rights and Interests". Moreover, pregnant female staff members are entitled to at least 98 days of maternity leave to make sure that they have sufficient rest holidays. At the Hong Kong headquarters, we comply with all the requirements under the Employment Ordinance, Sex Discrimination Ordinance and Family Status Discrimination Ordinance in Hong Kong, and pregnant employees are entitled to 10 weeks of paid maternity leave.

The Group also places emphasis on the career development of female employees. In the Hong Kong headquarters, property segment and Shenzhen Anke and Life-infinity of the healthcare segment, female employees account for 68%, 44%, 19% and 52% respectively. Female and male employees have equal opportunities for promotion to ensure that the traditional practice of giving males a preference will be eliminated.

Focused Training; Sustainable Development

Talents development is a major strategy of the Group. To make full use of its human resources, the Group is protectively cultivating and building a team of in-house trainers responsible for, among others, writing lesson plans, teaching, preparing examination papers, going over examination papers, marking examination papers, maintaining classroom discipline and assisting in work attendance. They make full play of the key role of in-house training in the overall training and education system. The Group has formulated the "Rules Governing Training" to help staff to continuously improve their professional skills and professionalism for enhancing work quality and efficiency to meet the needs of the Company for sustainable development. The Company's training is roughly divided into four categories: new staff induction training, on-the-job training, special training and individual further education, the details of which are as follows:

1. New staff induction and training: it is basic training hosted particularly for new recruits mainly involving business overview, culture, management system and work process;

2. On-the-job training: in each department, the immediate superior offers explanations to the staff members, counsel them, and check the results of the training in line with department function, job responsibility, and changes in internal business system and work process or changes in jobholder;

3. Special training: it is training conducted for a particular topic or for some special groups;

4. Individual further education: it mainly refers to training and studies such as advanced studies for academic qualifications and qualification certificates.

The Group also encourages staff to receive training and undertake advanced study on academic qualifications, evaluation of professional titles and various types of qualification certificates. Staff members with valid invoices are eligible for reimbursement after they have passed the training with the purpose of obtaining professional qualifications and various types of qualification certificates, and have obtained relevant certificates.

During the reporting period, the property segment's staff training courses included the following:

Category	Training Course Title	Employee Group	Training Purpose	Attendance
comprehensive training	training for new staff	new recruits	to allow new staff to be acquainted with the general information, corporate culture, rules, regulations and workflow, etc. of the Company	9
management training	Listing Rules compliance issues	senior executives and related staff	to allow relevant staff to be acquainted with the Stock Exchange's requirements under the Listing Rules	97
technical training	replacement of business tax with VAT	operational & financial staff	to allow relevant staff to be acquainted with the impact of the replacement of business tax with VAT on companies, and the countermeasures	84
technical training	continuing education and training for accounting staff	staff holding certificates in accounting	to allow relevant staff to be acquainted with the final accounting policy and changes thereto	9
technical training	latest policies on corporate merger and acquisitions	relevant audit & internal control staff	to allow relevant staff to be acquainted with the latest policies on corporate merger and acquisitions	5
management training	secret to the thorough understanding of brands	related staff	to allow relevant staff to be acquainted with the secrets of communication in relation to Socialnomics	13
technical training	training in and discussions on the replacement of business tax with VAT in the real estate industry	financial staff	to allow relevant staff to be acquainted with the impact of the replacement of business tax with VAT on the real estate industry	1
technical training	tax issues related to corporate investment and merger and acquisitions	senior executives and related staff	to allow relevant staff to be acquainted with the tax issues encountered by companies in investment and merger and acquisitions	32
technical training	operational practices for corporate merger and acquisitions and restructuring	investment staff	to allow relevant staff to be acquainted with the operational details and relevant cases of corporate M&A and restructuring	1
management training	training in audit system	related staff of newly acquired companies	to allow relevant staff to be acquainted with the Company's requirements for the audit system	65
technical training	methods of assessing acquired assets	investment & legal affairs staff	to allow relevant staff to be acquainted with the methods of assessing assets during acquisitions, and the key points	23
management training	training in popularisation of the knowledge of internal control	related staff of newly acquired companies	to allow relevant staff to be acquainted with the Company's requirements for internal control	92
management training	basic knowledge of and related cases for risk management and internal control	senior executives and related staff	to allow relevant staff to be acquainted with the basic requirements for risk management and internal control, and related cases	28
comprehensive training	promotion of the Company's corporate culture	all staff	to promote the Company's corporate culture	214
comprehensive training	action learning for corporate culture	senior executives, human resources, administration & brand promotion staff	to put the Company's corporate culture into action	32

The following photographs show the staff from the property segment during training:

During the reporting period, the training courses for the staff from the healthcare segment included but were not limited to the following:

- Presentation training in product knowledge and CT selling points
- Presentation training in product knowledge and MRI selling points
- Discussions on the market development of Shenzhen Anke's public hospitals
- CT basic principles and development process, and 16-row basic structure and highlights
- Training for in-house auditors in ISO9001:2015 and ISO13485:2016 standards
- Quality control during software development process

Employees of the Hong Kong headquarters also participated in various training courses listed below to enhance their knowledge in financial reporting and the Listing Rules:

- Compliance issues for listed companies – connected transactions, insider information and amendments to the Listing Rules
- Compliance training on the Listing Rules – Shenzhen Anke
- Compliance training on the Listing Rules – Guangzhou healthcare segment
- Listing Rules – anti-takeover actions, cash assets companies and investment companies
- Seminar of the Company on the Listing Rules and Directors' Compliance Responsibility
- Training related to financial reporting
- Training on the ESG reporting

The above labour and welfare policies apply to most of the Group's subsidiaries. We aim to provide our staff with a healthy and ideal working environment, and pursue the principle of equality and harmony with the expectation that our staff can grow healthily and strongly in a fair, safe and diverse working environment for self-attainment. By making use of a transparent communication mechanism and respecting the views of our staff, the Group is willing to grow up with our staff to help them sharpen their strengths and open up their bright prospects. For the newly acquired subsidiaries, we aim to gradually unify the human resources policies and systems upon completion of the acquisitions with a view to integrating these subsidiaries into the Group.

Save the Planet; Encourage Environmental Protection

As a leading global provider of healthcare services, the Group continues to explore new high-quality health products and services. Since 2015, we have launched a comprehensive strategic upgrade as a sustainable policy of our "green + healthy" business development direction, and followed a sustainable development business model.

We place emphasis on social corporate responsibility. During the reporting period, we stringently carried out environmental initiatives in our business operations, and provided our staff and business partners with specific guidelines on the use of resources, waste management and ecological protection. We also established a sound management, data collection and reporting mechanism, and further reviewed and improved our relevant environmental policies.

In this report, we made a full disclosure of our environmental performance within the scope of the report (excluding the Hong Kong headquarters), including qualitative and quantitative analysis, in different areas for the first time. The relevant findings will help us review the existing environmental management system of the Group and update it as an effective environmental policy for further enhancing the Group's environmental performance in alignment with our environmental commitment made to all shareholders and stakeholders from all walks of society.

The Group conducted environmental impact assessment of all property development projects and obtained the necessary permits in strict compliance with the "Environmental Protection Law of the People's Republic of China", "Regulations on the Administration of Construction Project Environmental Protection" as well as various environmental rules and regulations. During the reporting period, we did not receive any complaints or allegations about the breach of environmental regulations.

Environmental Protection Policies and Implementation

The Board of the Group formulates clear environmental protection policies each year for implementation by the ESG working group. The specific responsibilities and work of the ESG working group are as follows:

- supervising and guiding the implementation of environmental policies by departments;
- carrying out environmental work planning (such as emissions reduction, environmental greening projects, community activities, etc.);
- collecting and compiling data in areas including the environment and use of resources and offering guidance to employees on how to collect such data;
- offering advice on improving the environmental indicators of the Group;
- promoting environmental-related training and education and improving the awareness of employees in environmental protection.

Environmental, Social and Governance Report

We strictly adhere to the environmental protection policies of the Group based on the principle of reducing the environmental impact of our business operations as far as possible, and formulate specific environmental protection measures according to the different modes of business operations, so as to use natural resources appropriately and efficiently and reduce waste and emissions. Our environmental protection measures for various aspects of environmental protection are as follows:

Emissions management policies

Our business is management and service oriented and therefore does not involve significant pollutant emissions. Greenhouse gas emissions indirectly generated from use of electricity in offices and air conditioners and exhaust gas emissions generated from use of vehicles constitute our major emissions.

1) Control of exhaust gas and dust emission

For our property development business, we will engage contractors to carry out such work. We require ourselves and our contractors to comply with various environmental laws and regulations, including but not limited to the "Environmental Protection Law" and the "Atmospheric Pollution Prevention and Control Law of People's Republic of China". Contractors engaged must ensure that the emissions generated by the construction process comply with national environmental standards and take various measures to reduce air pollution, including measures such as fencing and dust shielding at construction sites, arranging staff or monitoring equipment to monitor the intensity of fugitive dust emissions at construction sites, rinsing the body and tyres of vehicles; and timely sprinkling water to suppress dust.

2) Management of greenhouse gas emissions

Greenhouse gas emissions indirectly generated from use of electricity in daily operations constitutes our main emissions. We review and monitor the environmental impact of our daily operations through continuous monitoring and disclosing our greenhouse gas emission information. Our specific emissions reduction measures for greenhouse gas emissions under various scopes (Note 1) are as follows:

Scope 1 – direct greenhouse gas emissions

- paying attention to the maintenance and efficiency of the vehicles and other machinery and equipment of the Company;
- using environmental friendly refrigerants to reduce damage to the ozone layer and mitigate the greenhouse effect.

Scope 2 – indirect greenhouse gas emissions

- providing local air conditioning and lights control to reduce unnecessary consumption;
- requiring contractors to adopt highly efficient construction machinery;
- developing renewable energy for use.

Scope 3 – other indirect greenhouse gas emissions

- encouraging the use of video-conference meetings to reduce unnecessary business trips;
- encouraging the reuse and recycling of paper and writing or printing on both sides of the paper;
- sending waste paper to waste paper recyclers for recycling, except for waste paper containing confidential data.

Note 1: In accordance with the description of the Greenhouse Gas Protocol of the World Business Council for Sustainable Development, the three scopes of greenhouse gas emissions of the Group are defined as follows:

- Scope 1 direct greenhouse gas emissions: greenhouse gas emissions generated by sources of emissions owned or controlled by a company;
- Scope 2 indirect greenhouse gas emissions: indirect greenhouse gas emissions generated by the use of purchased electricity by a company; and
- Scope 3 other indirect greenhouse gas emissions: other greenhouse gas emissions indirectly generated by the activities of a company that occur from sources of emissions not owned or controlled by that company.

3) Management of hazardous wastes

We classify hazardous wastes strictly in accordance with the Directory of National Hazardous Wastes. Medical waste generated by our healthcare business is our main source of hazardous wastes. We require medical and health related companies to strictly abide by the provisions of the Regulations on the Administration of Medical Wastes of the State Council and the Measures for Medical Wastes Management of Medical and Health Institutions to collect and divert medical waste and send the waste to qualified medical waste processing entities for harmless disposal after proper processing.

In addition, we also require our companies to divert other hazardous wastes, including waste toner cartridges, waste batteries, waste lamps and waste computers, that may be generated by our other businesses and send them to qualified recycling entities for processing. Each of our companies should designate a person to be responsible for handling hazardous wastes, reviewing the adequacy of each recycling entity and retaining the necessary recycling records.

4) Management of non-hazardous wastes

The main sources of non-hazardous wastes of the Group are construction wastes (including concrete, gravel, earthwork, scaffolding and used wood, etc.) generated by contractors during construction and general household wastes. We require all of our companies to strictly comply with national regulations, including but not limited to the "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste", to ensure that we and engaged contractors meet the national standards when handling waste. To reduce the pressure on landfills, we adopt responsible waste management policies, including implementing waste reduction at source, encouraging reuse, recycling and responsible waste handling and disposal. Examples include providing sorting and recycling facilities at construction sites and offices, and posting notices and reminders to encourage various entities to reduce waste generation.

Construction noise management policies

Noise generated during project construction will cause nuisance to surrounding entities and residents. We require engaged contractors to strictly control construction noise and ensure that construction meets the "Noise Limits for Boundaries of Construction Sites" (GB12523) and local regulations on the prevention and control of environmental noise. We rigorously supervise and ensure that contractors are taking effective measures to prevent noise, such as restricting construction time; turning off idle machinery; giving priority to low-noise equipment; and conducting noise monitoring at construction sites.

Policies on the use of resources

As natural resources are scarce and limited, they are precious for us and we should cherish what we have. The most commonly used natural resources in our daily operations include electricity and water. We hope to manage and reduce waste of natural resources through the following policies.

1) ***Energy conservation***

We have implemented the following measures at various work locations to conserve energy and improve energy efficiency:

- Procurement of highly efficient imported construction machinery;
- Adoption of local lights and/or air conditioning control;
- Employees leaving the office must turn off lights and devices (such as photocopiers) that consume energy;
- Making use of natural light in the office area as far as possible; and
- Turning off idle machinery and equipment.

2) ***Water conservation***

To protect water resources, we have implemented the following measures at various operating locations:

- Repairing dripping or leaking faucets and water pipes immediately;
- Reusing waste water for preventing dust, cleaning roads, rinsing vehicle tyres, etc.;
- Checking water consumption frequently;
- Using recycled water for greening; and
- Putting up water conservation labels at various locations in the workplace.

3) ***Green procurement***

Green procurement is based on the premise of reducing the pressure on the environment. In addition to factors such as quality, costs and delivery time when considering the goods to be procured and the suppliers, we should give priority to the procurement of environmental friendly and energy-saving products.

- Giving priority to considering products with the highest grade in energy efficiency;
- Giving priority to considering products that are efficient in water conservation;
- Giving priority to using renewable materials; and
- Giving priority to using recycled materials.

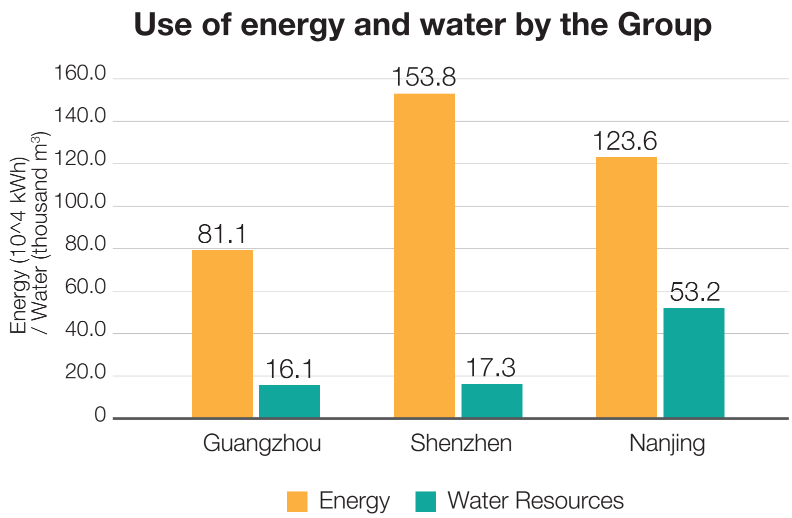
Environmental Protection Policies and Implementation

In addition to the strict compliance with our environmental protection policies, we operate our businesses with the principle of reducing environmental impact by formulating specific environmental initiatives based on the different business operation models, thereby making use of natural resources appropriately and efficiently and reducing waste and emissions. The following are the environmental initiatives for our businesses in different areas.

Environmental Initiatives	Healthcare segment Guangzhou operations	Healthcare segment Shenzhen operations	Properties segment Nanjing operations
Prevention and control of air pollution	Based on the nature of its business, very few emissions were discharged from its operations with a very slight impact	Based on the nature of its business, very few emissions were discharged from its operations with a very slight impact	• Made sure that various measures such as fences and dust screens were available on the construction sites • Made sure that airborne dust was monitored on the construction sites • Washed the bodies and tires of incoming and outgoing vehicles; timely sprinkled water to press down dust
Noise Management	Based on the nature of its business, the noise from its operations had a very slight impact on the environment	Based on the nature of its business, the noise from its operations had a very slight impact on the environment	• Properly planned construction schedule to reduce the impact on adjacent sensitive receivers • Turned off idle machines • Monitored noise on the construction sites
Energy conservation and emission reduction	• Encouraged the use of distance meetings to reduce unnecessary business trips • Trained staff to change their behaviours and habits, and to raise their energy conservation awareness • Used local lights and/or air-conditioning control to reduce unnecessary consumption	• Encouraged the use of distance meetings to reduce unnecessary business trips • Trained staff to change their behaviours and habits, and to raise their energy conservation awareness • Used local lights and/or air-conditioning control to reduce unnecessary consumption	• Turned off idle machines • Used high-efficiency construction machinery • Brought in long-term energy-saving and energy-efficient designs • Proposed projects were added with facilities that used renewable energy
Water conservation	• Reminded staff of saving water • Trained staff to change their behaviours and habits, and to raise their water conservation awareness	• Reminded staff of saving water	• Used reclaimed water processed after sewage treatment as water for greening and irrigation purposes • Waste water from construction works was recycled in preventing dust, washing roads, vehicle tires, etc.

General Information on Use of Resources and Greenhouse Gas Emissions

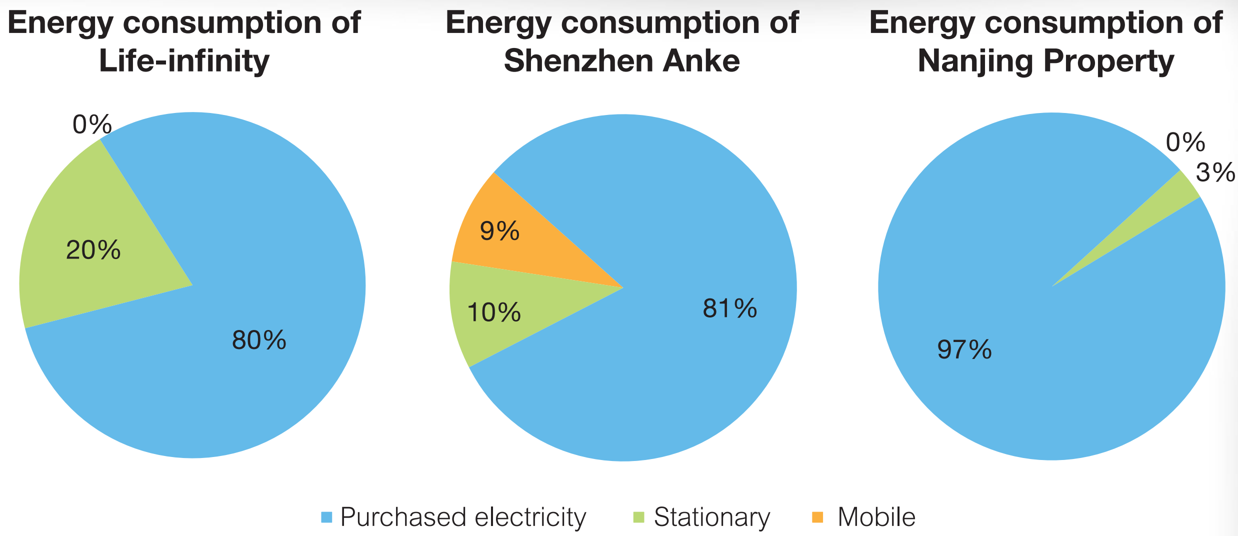
We review the existing initiatives on a regular basis and continue to seek a new business model to make sure using energy and water resources efficiently while reducing relevant greenhouse gas emissions. This report contains the Group's first comprehensive review of its performance in use of resources and carbon emissions, the analysis of which provides the Group with an indicator of environmental performance for planning future business expansion. We will keep improving the environmental performance of our business operation by enhancing our operating units and encouraging our staff to develop good behaviours and habits. During the reporting period, the Group's total carbon emissions amounted to approximately 3,520 tonnes. The details on the Group's consumption in terms of the use of energy, electricity and water are as follows.



Total consumption	Unit	Healthcare segment Life-infinity	Healthcare segment Shenzhen Anke	Properties segment Nanjing Property
Energy	kWh	811,456	1,538,126	1,235,665
Electricity	kWh	648,918	1,241,433	1,201,566
Water Resources	m^3	16,097	17,341	53,228

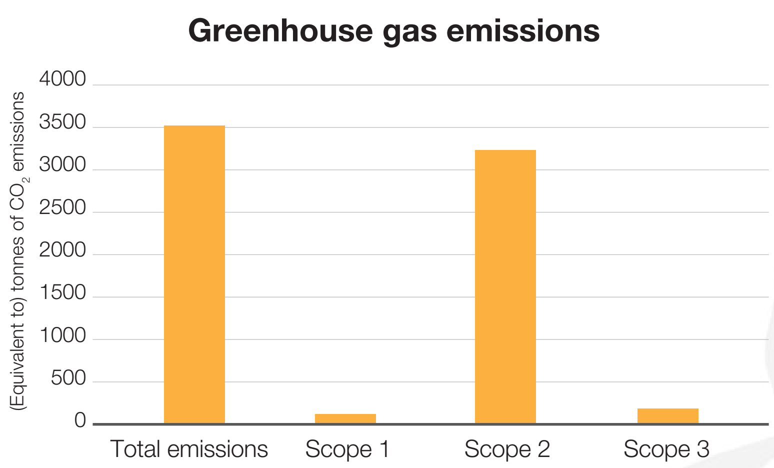
Note:

The above table has included the use of electricity, combustion consumption, etc. Please see the following pie charts for details on the use of energy.



Note:

- The Group calculated the amount of annual greenhouse gas emissions based on the Environmental Protection Department's "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong", and with reference to the carbon emission factors in China contained in the Technical Report of the Intergovernmental Panel on Climate Change.



Note:

- Scope 1 of carbon emissions is direct greenhouse gas emissions, such as fuel combustion; Scope 2 is indirect greenhouse gas emissions due to the consumption of purchased energy; Scope 3 covers indirect greenhouse gas emissions other than those from the Group's business properties, such as emissions from flight journeys.

- This report only gives a report on the relevant resources consumption by and carbon emissions from the Group's directly managed businesses. The relevant energy consumption by and carbon emissions from its real estate tenants and outsourced operations do not fall within the scopes of reporting.

- Because of the highly complex information, refrigerant-related emissions are not included in the report scope. We are currently enhancing the reporting mechanism for such information and planning that future reporting will include the relevant performance.

Waste Management

The Group has established a clear policy for the management of waste and strictly abides by the "Law on the Prevention and Control of Environmental Pollution by Solid Wastes of the People's Republic of China*"(《中華人民共和國固體廢物污染環境防治法》) and other regulations. Our operating units collect and sort waste by its nature, and are encouraged to recycle waste. Recycling facilities are provided in various operating units to reduce the outward delivery of construction debris, relieve the pressure on ultimate treatment facilities (i.e. landfills and incinerators) and the environmental pollution caused by the operation of these facilities. The specific waste disposal measures are as follows:

Waste Separation and Collection		Waste Disposal Methods
Construction debris	Concrete, crushed stones, earthworks	Backfilling for re-making them into building materials, etc.
	Scaffolds	Re-used as temporary access roads
	Old wood	Reconstruct it for secondary use, or as form hangers; the remaining wood was recovered by qualified entities
	Scrap metals	Modified for re-use in making into holders for support, reinforcement, etc.; the remaining scrap metals were recovered by qualified entities
General household garbage	Wastepaper	Reused or recycled
	Waste batteries	
	Paints and coatings	Separated and recovered for processing by qualified entities
	Cartridges	
	Other household garbage	Processed properly by environmental & public health departments
Medical waste		Collectively treated by specialists for detoxification to ensure the prevention of environmental pollution and the spread of diseases

During the reporting period of this report, up to 70% of the construction debris on the construction site of the Group's Yuhua Salon development project in progress were recycled/reused. This serves as a model among all of our projects under development.

Green Architecture and Healthy Lifestyle

We believe a healthy lifestyle forms an indispensable part of the concept of grand health. "Building Services", the Group's business segment established in 2014, aims to integrate different environmental elements into our homes, in terms of project design, development, construction, operation and management, to provide our society with a green, low carbon, healthy and comfortable environmental space.

The Group takes into full account of the potential impact of the planning and construction of its key project Yuhua Salon on the ambient environment. The construction company conducted an environmental impact assessment of the project during the stage of the feasibility study of the project in 2013 pursuant to the relevant requirements under the "Environmental Protection Law of the People's Republic of China*"(《中華人民共和國環境保護法》), "Law of the People's Republic of China on Appraising of Environment Impacts"(《中華人民共和國環境影響評價法》) and "Regulations on the Administration of Construction Project Environmental Protection"(《建設項目環境保護管理條例》). Environmental experts were commissioned to compile a report on the project's environmental impact assessment. The construction company studied the relevant data of the project in a conscientious and orderly manner, carried out field surveys and researches, monitored the status of environmental quality and analysed pollution sources on the site so as to assess the environmental impact of the project on air quality, noise, water, solid waste, landscapes and other different aspects during the site selection, construction and operation of the project, and to work out various measures for pollution prevention and control as well as total quantity control. The findings were analysed comprehensively. When the environmental protection initiatives were working normally, the degree of the impact of the project on the environment was controlled within the scope approved by government and acceptable to local residents. Moreover, the development unit received positive response with no objection from the residents living around the location of the project when their views and suggestions on the project were solicited. The environmental assessment report on the project was subsequently accepted by the Nanjing Environmental Protection Bureau, so that the project could be carried out smoothly.

Environmental Protection During Construction

During the construction of the project, the construction company complied with the principle of "three simultaneous environmental initiatives", which means the design, construction and operation of the facilities for preventing pollution have to proceed simultaneously with those of the main works of the project. Moreover, those facilities should not be dismantled without permission or left idle. The construction company invested approximately RMB20 million in these initiatives, earmarked for the greening and waste management of the project to make sure the pollution prevention and control schemes contemplated in the environmental assessment report could be implemented for the protection of the environment. A summary of the pollution prevention and control initiatives in various aspects during the construction of the project is as follows:

Environmental Protection Initiatives		Environmental Regulations and Standards
Airborne dust during construction	Protective screens and fences were set up along the boundary of the construction site Canopies were provided during the transport and stacking of materials A dedicated warehouse was used for powdery materials (such as cement) The roads on the construction site were hardened Cleaning was kept on the construction site Facilities were provided for washing transport vehicles Water was sprinkled timely to press down dust The concentration of the total suspended particulates at and around the construction area was monitored	"Integrated emission standard of air pollutants" and "Nanjing's Regulations on the Prevention and Control of Air Pollution"
Noise management	Acoustic screens and filters were installed Covers were provided for the facilities nearer to sensitive sites Priority was given to the use of low-noise equipment The horns of transport vehicles were controlled The construction schedule and operating times were properly arranged to avoid construction works at night Noise levels at and around construction areas were monitored	"Emission standard of environment noise for boundary of construction site" and "Nanjing's Regulations on the Prevention and Control of Noise Pollution"
Wastewater treatment	Temporary treatment facilities were built on the construction site, such as collection tank, sedimentation tank and oil separation tank Building materials were stacked at one location and measures against rainfalls were completed to avoid rain wash from polluting adjacent water sources Wastewater on the construction site was separated and recovered by its nature; it was recycled as far as possible for other purposes such as irrigation, greening and pressing down of dust Temporary public toilets were provided, in which sewage was collected and properly processed by septic tanks before it was discharged into the urban sewage pipe network The discharged sewage was regularly inspected to make sure it reached the set standards	"Integrated Wastewater Discharge Standard" and "Standards for the Discharge of Sewage into Sewers of Cities and Towns"
Solid waste management	Construction solid waste was sorted and collected for recycling as much as possible Household garbage left by construction workers was removed timely Non-recyclable solid waste was treated by the local environmental & public health departments on a central basis to prevent secondary pollution A qualified entity was appointed to dispose of waste cooking oil Garbage transport vehicles were properly covered to prevent garbage from falling on the way Residue was cleared and delivered to a designated site for dumping	"Nanjing's Regulations Governing the Disposal of Construction Debris and Project Residue Soil" and "Nanjing's Law on the Prevention and Control of Environmental Pollution by Solid Waste"
Other environmental initiatives	Training is provided to constructing units to raise the environmental awareness The existing ecological environment and vegetation were protected Greening was carried out based on the greening and landscape designs	/

Green Elements in Project Design

The development team integrated different environmental elements into the design of Yuhua Salon with an aim to build the Group's first comprehensive headquarters-style commercial property project with low-carbon, green and user-friendly advantages. Some of the green design elements are listed in the table below:

Transportation and auxiliary facilities	• A complete public transport network, including one subway station and two bus stops • Multi-functional service facilities are available in the community to meet the needs of occupants and tenants
Green landscape	• Multi-layer grass, bushes and trees, architecture and landscape are fused together with nature • In roof garden, plants with strong tolerance to drought, cold and barren soil were used • Outdoor area of permeable ground reaches 65% • Concentrated green area is about 3,800 m^2, with 20% of green space
Energy-saving technology	• Renewable energy is used in the air conditioning system – geothermal heat pump supplemented with an open cooling tower for peak shaving • Glass walls with high transmittance and low thermal conductivity were used to reduce the increased consumption of refrigeration due to the compensation of solar heat gain • The project's energy efficiency rate reaches 74%
Water-saving technology	• Water-saving sanitary ware is used • Reclaimed water is treated and re-used for toilet flushing • A system is used for collecting and filtrating rainwater for irrigating plants on land and flushing roads • Project's rate of use of non-conventional water resources reaches 65%
Green architecture	• Recyclable materials were used to reduce the consumption of raw materials • Local materials were used to reduce carbon emissions from transportation • Precast and integrated materials were used to reduce waste • Construction works were strictly controlled to reduce construction noise pollution and dust pollution
Indoor environment and intelligent management	• An electrostatic precipitation module is used to remove particulate matter in fresh air • A CO_2 detection system is used to regulate the rotating speed of variable frequency fans and to meet the need for fresh air and energy conservation for providing constant temperature and oxygen • Light guide pipes are provided to allow daylight into the basement • Building management system for construction equipment is used for monitoring the air-conditioning, air supply and exhaust, water supply and drainage and other systems for timely automatic regulation and failure alarm warning for saving water and energy

Environmental, Social and Governance Report

Yuhua Salon is a landmark project of the Group's business in terms of green architecture and healthy lifestyle. The project has been commended with the receipt of the Leadership in Energy and Environmental Design gold rating in the US and a Three-star Green Building Label in China in recognition of its environmental performance. This project is still under construction currently and is scheduled for completion between 2017 and mid-2018 in succession.

The Group plans to carry out management throughout the whole process of the project with the use of the building information model technology and other high-end technologies to simulate different project designs during the construction process as well as environmental and ecological problems that it may encounter during construction and operation for proactively enhancing the existing environmental policies and initiatives, and continuing to expand its construction business featuring green architecture and healthy lifestyle.

Table of environmental performance

Indicator	Unit	Year of 2016
Gas emissions		
NO_x	kg	10.61
SO_2		0.41
Particles		2.31
Greenhouse gas emissions		
Total emissions	Equivalent to thousand tonnes CO_2	3,524
Scope 1		131
Scope 2		3,243
Scope 3		150
Energy consumption		
Total energy consumption	kWh	3,585,248
Purchased electricity		3,091,916
Solid fuel		353,883
Liquid fuel		139,448
Water resources consumption	m^3	86,666
Construction scaffolding		
Recycled	m^3	244.8
Construction waste		
Produced	Tonnes	1225.3
Recycled/reused		869.3
Disposed of		356.0
Other non-hazardous waste		
General household waste	m^3	258.2
Recycled paper		301.6

Safety First and Health Orientation

We have always adhered to the principle of "**Safety First**" as the Group's business covers the healthcare and medical industry, in which health and safety of the employees are directly linked to the safety of our clients. In addition to complying with all relevant safety and health regulations, the Group has also developed a number of policies, including providing and maintaining a workplace that meets or exceeds the relevant legal requirements, establishing safety enforcement procedures for identified hazardous work, providing necessary protective equipment and medical facilities for employees, providing fire protection equipment and installing power leakage protection devices in the workplace, and establishing contingency measures for emergencies (e.g. fire).

In addition, we also carry out emergency and fire drills on a regular basis. By simulating different emergency scenarios, we hope that all staff and construction units will be familiar with the evacuation procedures and the handling mechanism in case of emergency. We have set up a mechanism to record and analyse the occurrence and causes of accidents. Unless otherwise approved, employees are prohibited from using alcoholic beverages or illicit drugs at the workplace. All employees are prohibited from smoking outside the prescribed area, and provided with the necessary job information, guidance, training and supervision.

Healthcare

In accordance with the requirements of the "Law of the People's Republic of China on the Prevention and Control of Occupational Diseases" and the relevant laws and regulations, we have commissioned a research institute to carry out the pre-evaluation of occupational diseases and radiological protection relating to medical equipment, such as dental panoramic machine, to reduce occupational diseases caused by the operation of medical equipment by instrument operators or other related personnel. In addition, we have commissioned the research institute to inspect all medical instruments to ensure that all instruments are in compliance with related requirements.

The Group's policies set out that personal protective equipment should be provided to employees at the workplace and we recommend that employees should refer to applicable domestic laws and regulations and abide by our health and safety guidelines. During the reporting period, we recorded only one employee who was injured. We are committed to strengthening our employees' safety awareness in the future to avoid any accident in the future.

Construction Safety

Safe construction is a major objective of the Group. We are committed to providing adequate resources in safety management and have established a Code of Occupational Safety, which requires strict compliance by the construction team and contractors so as to ensure the safety and health of all employees, contractors and community members. In each construction contract, we will strictly stipulate that the contractor should abide by the relevant management provisions on safety production during projects construction, and follow safety standards strictly during the construction, be prepared to be supervised and inspected by industry safety inspectors according to related laws and provisions at any time, and take the necessary security measures to avoid accidents.

Each construction project will involve a number of different construction teams. Therefore, the Group will require the contractors to request supervising engineers to design the safe construction plan together with the construction team that we have approved, including:

- Establish a safe construction management system;

- Appoint special safety management commissioner to take charge of the safety management of the projects, vehicles, machines and construction workers;

- Equip the workplace with a certain number of fire-fighting equipment and power leakage protection devices;

- Establish an open fire use application system and a safe power use system, etc.

We also require the contractor to conduct regular maintenance on the machines and vehicles and ensure the safety training for the machine operators. We require that no workers should work while they are sick, and full compliance with the guidelines are required during the operation to prevent accidents. We are honoured to announce that during the reporting period, we recorded zero work-related injury.

In addition to internal safety, we also pay attention to public health. We require that construction noises must comply with the “Noise Limit for Construction Sites” (GB12523-90), and all the waste water and sewage are treated in accordance with the approved method before discharging into the sewage system, so as not to pollute the environment.

Supply Chain Management

We have formulated strict rules on suppliers’ quality and safety standards. By controlling the quality and ethical standards of the supply chain, we are able to improve the efficiency in the use of resources and promote environmental protection to fulfil our social responsibility, so as to create higher value for the Company. As a result, the Group is committed to implementing procurement policies and procedures related to sustainable development in its overall business operations.

We have implemented a series of measures to manage the quality of the supply chain, including developing a “Procurement Control Procedures” system to regulate the procurement process, regularly evaluating suppliers, only including qualified suppliers into the “Qualified Supplier List” and only cooperating with suppliers from the “Qualified Supplier List”. On the other hand, we have also implemented measures to manage the ethical aspects of the supply chain, including refusing to cooperate with suppliers which use child labour and forced labour, refusing to procure products which were produced from inhumane animal resources, holding public or invited tendering in the case of relatively large sum transactions, disqualifying suppliers who have bid-rigging histories and ensuring the full compliance of all suppliers with the relevant laws, regulations and obligations set out in the agreements.

The number of healthcare suppliers during the reporting period is listed as follows:

		2016
Number of Suppliers	Life-infinity	23

Yuhua Salon is comprised of a number of zones, among the zones held by the Group are the High-end Healthcare Experience Zone (the "**Zone A2**") and the Integrated City-country Life Zone (the "**Zone C**"). The number of suppliers of the property sector is listed as below:

		2016
Number of Suppliers	Property	Zone C：260 Zone A2：29

PRODUCT RESPONSIBILITY

Healthcare

Quality Assurance

Drug quality affects the efficacy of treatment as well as customer safety. Therefore, we require that drug procurers must strictly abide by the "Drug Administration Law" and relevant provisions in its "Implementation Regulations", and implement the "Three No's", i.e.:

1. No procurement of drugs from enterprises with incomplete licences;

2. No procurement of counterfeit drugs or drugs of inferior quality; and

3. No procurement of drugs from individuals.

We also require that drug procurers must earnestly implement the "Drug Price Policy" and various regulations set out in the "Drug Administration", and strictly implement the drug procurement procedures. In order to ensure the lawful qualification of the supply units and sales personnel, we will, prior to finalising the supplier and discussing ways of cooperation, arrange for the drug procurer to examine the production and operational practices, business scope as well as the quality and reputation of the suppliers and ask for documents related to the companies and their drugs, including the "Business License", "Drug Production License", "Drug Business License", "Management Standards for Drug Sales and Drug Quality", "Corporate Licence for Medical Equipment Business", GSP or GMP certificates, "Drug Quality Assurance Agreement", "Power of Attorney for the Corporate Legal Representative", etc., and require suppliers of medical equipment to provide the "Certification for Procured Products" and "Certificate of Origin" to ensure the legitimacy of suppliers.

Suppliers of the drugs must also ensure that the quality of the drugs should meet the quality standards set by the state and that the drug packaging should also comply with national regulations. For all imported drugs, we require that a copy of the "Import Drug Registration Certificate" and "Drug Quality Inspection Qualification Report" or "Import Drug Customs Clearance" for the first entry of the drugs should be retained to ensure that the quality of drugs meets related standards.

Customer Services

In order to provide high-quality services, Shenzhen Anke has a three-level service structure across the country, including (a) a headquarter service centre; (b) service branches in key cities across the country; and (c) hospital maintenance engineers. High-quality professional maintenance engineers provide users with a strong technical support and after-sales services. Through direct calls with senior engineers and central customer service personnel support, the repair, maintenance and upgrade services become more convenient and the service cycles of the equipment are prolonged. The whole process of service is in strict compliance with standards and requirements set out in the ISO 9001: 2000 quality management system and the ISO 13485: 2003 medical equipment industry quality management system. Through a comprehensive customer service system, we strive to win long-term customer support and trust.

In addition to highly-efficient service institutions, we also conduct various on-site training for the users to improve the operation proficiency of the equipment. We mainly provide to our users:

(I) Clinical application training for MRI;

(II) Maintenance training on MRI equipment; and

(III) Maintenance training on CT. Through strict training and assessments, we help clients master the use of MRI and CT equipment.

Customer Safety

We attach great importance to the safety of our clients. We understand that “the earlier the remedy, the better the outcome”. In order to deal with all kinds of possible emergencies, we formulated the “Remedy Skills for Hospital Services”, and established three levels of service remedy procedures which specified the scope of authority for earlier service remedies and consequently good remedy effects. We also made the “Emergency Plan for Nurses Assignment” to effectively and systematically assign nurses for different tasks in time of emergencies.

Besides, we equipped first aid equipment for polyclinics in the medical centre Life-infinity, including:

1. Ambulance;

2. Oxygen breathing equipment;

3. Sputum suction equipment; and

4. Artificial respiratory system

so as to ensure the life and safety of clients in time of emergency.

Customer Privacy

In order to strengthen the management of medical records, ensure the quality and safety of medical care and safeguard the legitimate rights and interests of both doctors and patients, we have formulated the "Provisions on the Management of Medical Records of Life-infinity" and the "Mechanism and Measures for Protecting Patients' Privacy". Except medical services providers, and the relevant departments including the health and family planning administrative departments, the Chinese medicine management department and personnel who have been authorised by health care institutions to take charge of medical cases management and medical records management, any other medical institutions or individuals shall not access the patients' medical records without permission. And medical institutions and their medical staff should strictly protect the privacy of patients, prohibit the divulgence of the patients' medical records for non-medical teaching or research purposes.

Labels and Advertisements

Labels on the packaging of the drugs could effectively help our employees and customers identify related drugs, in order to prevent accidents resulted from wrong identification of drugs. We strictly abide by the "Management Provisions on Drug Specification and Labels" to regulate outer package labels of procured drugs. Labels shall be printed or stuck to the outer package of drugs procured by the Company according to related requirements, and shall not include any other text, audio-visual or other forms of introduction or promotion information on the products or the company. We also ensure the generic name, ingredients, properties, indications or major functions, specification, usage and dosage, side effects, prohibitions, precautions, storage, date of production, batch number, validity period, approval number, and production company, etc are specified on the other package of drugs procured by the Company.

In addition, we also follow the "Advertisement Law of the People's Republic of China", such as:

(1) ensuring that the advertisements on the medical care, drugs and medical equipment do not contain any assertion or guarantee on the efficacy or the safety;

(2) not including wording on the cure rate or effective rate;

(3) not comparing with the efficacy or safety or the other drugs, medical equipment or other health care institutions;

(4) not using the celebrity to recommend the products or services or make guarantees; and

(5) not presenting other information prohibited by laws and administrative provisions.

We ensure that all the advertisements and labels are presented in an accurate and plain way without any exaggeration or misrepresentation.

Property

Adhering to the "client first" principle, we uphold clients' satisfaction as the best standard for assessing our service quality. In the property sector, we tried our best in terms of quality assurance, guest services and clients' safety to strive to achieve the most satisfaction of our clients.

Quality Assurance

In each contracting agreement, we clearly state that the materials used by the contractor must meet the relevant national standards, such as:

1. Wallpaper, curtains and all kinds of plates should be fireproof, anti-flaming, mothproof, moisture-proof, and termite-proof;

2. All kinds of paints and glue should be environmental-friendly materials in line with relevant standards and provisions;

3. All kinds of plates should be the most recent materials to prevent future cracking and to meet the green requirements;

4. The construction of all kinds of ceiling and wall surfaces should have concrete anti-cracking and anti-hollowing plans; and

5. The decorative surface construction for exposed parts including air vents, lighting and all kinds of testing ports should not damage the joists in various hidden parts.

To ensure the qualification of the taken-over properties, we established the "Standard Procedures for the Taking Over and Checking of Properties", regulating the taking over and checking of the newly taken-over properties. After the completion and checking of the newly-built properties and before the property owners move in, we will timely arrange property taking-over and checking teams to have a comprehensive taking over and checking of the related property, to ensure that the taken-over property is rather qualified and meets the quality requirements of the owners.

We also made the "Moving-in Inspection Procedures" to ensure that the property owners could move in on time and with satisfaction. We will arrange for inspection personnel to inspect the property and the facilities with the property owner at the time as required by the property owner. Should the property owner regard there to be a quality issue, customer service personnel will, according to related provisions and the property management contract, contact the developer or solve the problems independently and make another appointment with the property owner to inspect the property again until the property owner regards it to be up to standards.

Resident Services

The Group adopts different service modes for different projects based on their own respective characteristics including hotel-style service and apartment-style service. Every mode has its own service features, organisations and structures and has distinct specialty services including one-stop services, welcome services, accountability system upon initial enquiry, standing services, and guiding services, etc.

The “Guidebook on Customer Services” regulates the standards and system for our customer services. We formulated strict standards covering manners and languages of the service personnel, management personnel reception, logistics management, management measures for violations of the clients and vacant room management, and require related units to commit full compliance with the requirements.

The Group has maintained a long-term friendly relationship with residents. We stipulated that the front desk staff of the Customer Service Department should notify the relevant departments in a short time when they receive repair requests from the guests to timely start the repair work. Upon receiving a complaint, we will first ask related staff to deal with the issue as soon as possible, and lead our employees to think in the clients’ perspective and solve the problem earnestly for the residents and deal with the issue with a positive attitude. We will also collect the comments by distributing questionnaires in each quarter to get to know the views of the residents on our security services, fire safety management, customer and maintenance services and environmental management, etc. so as to continue to improve the quality of our services. Throughout the process, all customer information shall remain confidential and it is prohibited for any person to divulge customer data for any purpose.

The Group has established the “Standard Procedures for Routine Building Inspection”, which regulates building inspections, ensures the proper operation of all facilities and ensures the safety of our guests. Customer service commissioners, maintenance personnel, cleaning staff and order maintenance personnel conduct patrol and inspection, check the sanitation, firefighting equipment and equipment safety, and seize opportunities to communicate with the residents, so as to improve environment and safety issues on time.

Labels and Advertisements

We ensure that the contents of our property advertisements are authentic, strictly comply with the “Advertisement Law of the People’s Republic of China” and regulate our advertising activities to ensure that our advertisements will not deceive or mislead consumers or contain contents which are false or will cause misunderstanding.

We clearly and prominently specify in the advertisements the goods or services which we market and the accompanying free goods or services, including the variety, specifications, quantity, duration and manner. We also clearly list out contents such as the price of goods and undertakings.

ANTI-CORRUPTION AND BRIBERY

Anti-corruption and bribery are always one of the core philosophy of the Group. To ensure that the selected contractors satisfy our required standards, we require all contractors to enter into transparent agreements. The transparent agreements stipulated that contractors shall not pay any cash, securities, consumption cards and other cash certificates, either directly or indirectly, to the staff of the Group, nor provide any properties to the staff of the Group in order to combat corruption and prevent bribery from our staff.

The Group set up superior demands to the staff's virtue and integrity. In order to promote the integrity and self-discipline of the staff of the Group, the staff are prohibited from different unethical behaviours. The Group has also developed the Corporate Business Conduct and the Code of Moral to restrict conflict of interest in different aspects, including business competition, corporate opportunities and financial interests. Whenever conflict of interest occurs, staff members are required to complete the Form of Conflict of Interests and Gifts Reporting. Meanwhile, all staff members are required to sign Ethical Conduct Commitment as their entry procedures, from which they agree that the interests of the Company shall come first and abide by the Code of Moral of the Company and various types of rules and regulations.

To adhere to our zero-tolerance attitude on misconducts, the Group has developed relevant policies to prevent all sorts of briberies, blackmails, frauds and other malpractice activities. If any of our staff members is found to have taken part in such kinds of activities, the Group will report to the police without hesitation and terminate the employment relationship immediately. On the other hand, the Group has also implemented a series of measures, including identify customers, maintain track records, report and follow and investigate on suspected transactions and hold regular anti-money laundering training in order to prevent the occurrence of anti-money laundering activities within the Group.

COMMUNITY INVOLVEMENT

The achievement of an enterprise is closely related to the healthy development of the community and they are interconnected. The Group is committed to establishing a good relationship with the community and participating in various types of work and social investment by its strength in order to bring values to every stakeholder and social development.

China Association of Building Energy Efficiency is the highest-level association in the construction energy saving and green building industry in China. Fullshare Green Building, a wholly-owned subsidiary of the Group, was elected as vice president (vice chairman) of China Association of Building Energy Efficiency in 2015, and dedicated itself for green construction promotion in China.

In addition, the Group made a sponsorship of RMB250,000 in January 2016 towards the INNOVATION China-Israel Investment Summit hosted by Infinity Group. The conference involves industries in areas such as the design of high-end manufacturing medical equipment, agricultural science and technology, and clean technology, with a view of encouraging and promoting the sustainable development of society.

DARE TO INNOVATE

The Group won the Innovation Award of Brand Value Ranking for 2016 hosted by Nanjing Daily Press. The theme of the Brand Value Ranking for 2016 was designated as “Innovation” and the Group made substantial achievements in innovation in various business activities on the back of its outstanding capability in innovation, its goal of becoming “**a leading global service provider for grand healthy lifestyle**” and various merger and acquisition investments made globally, culminating in its winning of the Innovation Award of Brand Value Ranking for 2016 in recognition of its outstanding and innovative performance.

PROSPECTS

We hereby take this opportunity to express our gratitude for the trust and support from all Shareholders and stakeholders. In order to continue to fulfil our corporate social responsibilities, the Group will continue to put greater efforts in various aspects, including environmental, social and governance aspects in order to proactively preserve our environment and care for our community to facilitate sustainable development. In addition, we hope to create a better future with our stakeholders by participating in different events, which enables the Company to become a motivated contributor in the industry in terms of environmental, social and governance aspects. In the future, we will continue to focus on green and health-related areas with integration of resources and business innovation as bonds to pull together global resources and talents, so that the Group will become more platform-based, diversified and international.

HKEX ESG REPORTING GUIDE INDEX

Subject Areas, Aspects, General Disclosures and KPIs		Section/Statement	Page Number
A. Environment Aspect A1: Emissions General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, generation of hazardous and non-hazardous waste.		• Environmental protection policies and implementation	43-55
KPI A1.1	The types of emissions and respective emissions data.	• General information on Use of Resources and Greenhouse Gas Emission • Table of environmental performance	48,49,55
KPI A1.2	Greenhouse gas emissions in total and intensity.	• General information on Use of Resources and Greenhouse Gas Emission • Table of environmental performance	48,49,55
KPI A1.3	Total hazardous waste produced and intensity.	• No relevant proposed disclosure would be disclosed this year	
KPI A1.4	Total non-hazardous waste produced and intensity.	• General information on Use of Resources and Greenhouse Gas Emission • Table of environmental performance	48,49,55
KPI A1.5	Description of measures to mitigate emissions and results achieved.	• Environmental Protection Policies and Implementation • Emissions management policies • Environmental protection policies and implementation	43-47
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	• Emissions management policies	44-45
Aspect A2: Use of resources General Disclosure Policies on efficient use of resources, including energy, water and other raw materials. Note: Resources can be used in areas including production, storage, transportation, buildings and electronic equipment.		• Environmental Protection Policies and Implementation	43-55
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	• General information on Use of Resources and Greenhouse Gas Emission • Table of environmental performance	48,49,55
KPI A2.2	Water consumption in total and intensity.	• General information on Use of Resources and Greenhouse Gas Emission • Table of environmental performance	48,49,55
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	• Policies on the use of resources • Environmental protection policies and implementation	43-46
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	• General information on Use of Resources and Greenhouse Gas Emission • Table of environmental performance	48,49,55
KPI A2.5	Total packaging material used for finished products, and if applicable, with reference to per unit produced.	• No relevant proposed disclosure would be disclosed this year	

Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and KPIs		Section/Statement	Page Number
Aspect A3: The Environment and Natural Resources General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources		• Environmental Protection Policies and Implementation	43-55
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	• Environmental Protection Policies and Implementation	43-55
B. Social Employment and Labour Practices Aspect B1: Employment General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare.		• Staff treated well, be people-oriented • No discrimination; equal opportunity	38-40
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	• Emphases on integrity and ability, with integrity coming first	37
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	• No relevant proposed disclosure would be disclosed this year	
Aspect B2: Health and Safety General Disclosure Information on (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.		• Safety first and health orientation	56-57
KPI B2.1	Number and rate of work-related fatalities.	• Safety first and health orientation	56-57
KPI B2.2	Lost days due to work injury.	• No relevant proposed disclosure would be disclosed this year	
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	• Safety first and health orientation	56-57

Subject Areas, Aspects, General Disclosures and KPIs		Section/Statement	Page Number
Aspect B3: Development and Training General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.		• Focused training; sustainable development	40-42
KPI B3.1	The percentage of employees trained by gender and employee category.	• No relevant proposed disclosure would be disclosed this year	
KPI B3.2	The percentage of employees trained by gender and employee category	• No relevant proposed disclosure would be disclosed this year	
Aspect B4: Labour Standards General Disclosure Information on:			
(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour.		• Emphases on integrity and ability, with integrity coming first	37
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	• Emphases on integrity and ability, with integrity coming first	37
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	• Emphases on integrity and ability, with integrity coming first	37
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Policies on managing environmental and social risks of supply chain.		• Supply Chain Management	57, 58
KPI B5.1	Number of suppliers by geographical region.	• Supply Chain Management	57, 58
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	• Supply Chain Management	57, 58
Aspect B6: Product responsibility General Disclosure Information on:			
(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.		• Product responsibility	58-62
KPI B6.1	Percentage of total product sold or shipped subject to recalls for safety and health reasons.	• No relevant proposed disclosure would be disclosed this year	
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	• No relevant proposed disclosure would be disclosed this year	
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	• No relevant proposed disclosure would be disclosed this year	

Subject Areas, Aspects, General Disclosures and KPIs		Section/Statement	Page Number
KPI B6.4	Description of quality assurance process and recall procedures.	• No relevant proposed disclosure would be disclosed this year	
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	• No relevant proposed disclosure would be disclosed this year	
Aspect B7: Anti-corruption General Disclosure Information on			
(a) the policies; and		• Anti-Corruption and Bribery	63
(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.			
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	• No relevant proposed disclosure would be disclosed this year	
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	• No relevant proposed disclosure would be disclosed this year	
Community Aspect B8: Community Investment General Disclosure Policies on community engagement to understand the community's needs where it operates and to ensure its activities take into consideration communities' interests.		• Community Involvement	63
KPI B8.1	Focus areas of contribution.	• No relevant proposed disclosure would be disclosed this year	
KPI B8.2	Resources contributed.	• No relevant proposed disclosure would be disclosed this year	

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining a high standard of corporate governance. It believes that a high standard of corporate governance provides a framework and solid foundation for the Group to manage business risks, enhance transparency, maintain a high standard of accountability and protect interests of the Shareholders and other stakeholders.

The Company has applied the principles and complied with the Corporate Governance Code ("**CG Code**") as contained in Appendix 14 of the Listing Rules during the Year 2016 except for the following deviations:

1. **Code Provision A.2.1**

   Under the Code Provision A.2.1 of the CG Code, the roles of chairman and CEO should be separate and should not be performed by the same individual. During the Year 2016, the positions of chairman and CEO of the Company were held by Mr. Ji. The Board believes that the holding of both positions of chairman and CEO by the same individual allowed more effective planning and execution of business strategies. The Board has full confidence in Mr. Ji and believes that his dual roles will be beneficial to the Group. On 17 May 2016, the Company appointed Mr. Deng as a co-CEO of the Company to balance the role of CEO.

2. **Code Provision A.4.1**

   Under the Code Provision A.4.1 of the CG Code, the non-executive Directors should be appointed for a specific term, subject to re-election. The independent non-executive Directors of the Company (the "**INEDs**") were not appointed for a specific term, but they were subject to retirement by rotation and re-election at annual general meetings of the Company at least once every three years in accordance with the articles of association of the Company. Since 17 May 2016, the appointment terms of the non-executive Directors (including independent non-executive Directors) of the Company have been changed to a specific term of three years, which complies with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors regarding any non-compliance with the Model Code during the Year 2016, they have all confirmed their full compliance with the required standards as set out in the Model Code throughout the Year 2016.

Corporate Governance Report

BOARD OF DIRECTORS

The Board currently consists of a total of six Directors, comprising three executive Directors, and three INEDs. The composition of the Board during the year and up to date of this report are:

Executive Directors

Mr. Ji Changqun *(Chairman and CEO)*
Mr. Shi Zhiqiang
Mr. Wang Bo
Mr. Fang Jian (resigned on 22 June 2016)

Non-executive Directors

Mr. Eddie Hurip (resigned on 31 December 2016)
Mr. Chen Minrui (resigned on 30 March 2016)

INEDs

Mr. Lau Chi Keung
Mr. Chow Siu Lui
Mr. Tsang Sai Chung

None of the existing Directors has any personal relationship (including financial, business, family or other material/relevant relationship), with any other existing Director.

The Board is responsible for approving and monitoring the Group's strategies, policies and business plans, evaluating the performance of the Group and supervising the work of management. The management of the Company is responsible for the daily operations and administration of the Group.

During the Year 2016, the Chairman of the Board held a meeting with the non-executive Directors (including INEDs) without the presence of the executive Directors.

Board Meetings

During the Year 2016, the Company held nine board meetings, the AGM on 20 May 2016 and five extraordinary general meetings (the "**EGM**") on 14 April 2016, 27 June 2016, 12 September 2016, 18 October 2016 and 17 November 2016 respectively, three audit committee meetings on 24 March 2016, 30 May 2016 and 24 August 2016 respectively, three nomination committee meetings on 30 March 2016, 17 May 2016 and 16 December 2016 respectively, two remuneration committee meetings on 30 March 2016 and 17 May 2016 respectively, and one risk management committee meeting on 31 December 2016. The following is the attendance record of the Directors in the aforesaid meetings:

	Attendance/number of meetings held during the year of 2016						
Name of Directors	Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings	Nomination Committee Meetings	Risk Management Committee Meeting	AGM	EGM
Executive Directors							
Mr. Ji Changqun	9/9	n/a	2/2	3/3	n/a	1/1	5/5
Mr. Shi Zhiqiang	9/9	n/a	n/a	n/a	1/1	1/1	5/5
Mr. Fang Jian (Note 1)	4/9	n/a	n/a	n/a	n/a	1/1	1/5
Mr. Wang Bo	9/9	n/a	n/a	n/a	1/1	1/1	5/5
Non-executive Director							
Mr. Eddie Hurip (Note 2)	9/9	n/a	n/a	n/a	n/a	1/1	5/5
INEDs							
Mr. Chow Siu Lui	9/9	3/3	n/a	n/a	n/a	1/1	5/5
Mr. Lau Chi Keung	9/9	3/3	2/2	3/3	n/a	1/1	5/5
Mr. Tsang Sai Chung	9/9	3/3	2/2	3/3	1/1	1/1	5/5

Notes:

1. Mr. Fang Jian resigned as executive Director with effect from 22 June 2016.
2. Mr. Eddie Hurip resigned as non-executive Director with effect from 31 December 2016.

Corporate Governance Functions

The Board as a whole is responsible for performing the corporate governance duties including:

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

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

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

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

(e) to review the Company's compliance with the code and disclosure in the Corporate Governance Report.

Throughout the year and up to the date of this report, the Company has complied with the requirements under Rules 3.10A, 3.10(1) and (2) of the Listing Rules that requires every board of directors of a listed issuer to include at least three INEDs and at least one of the INEDs must have appropriate professional qualifications or accounting or related financial management expertise.

For a Director to be considered independent, the Board must determine that the Director does not have any direct or indirect material relationship with the Group. The Board follows the requirements set out in the Listing Rules to determine the independence of Directors. The Company has received from each of its INEDs an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and considers all INEDs are independent.

Since 17 May 2016, the INEDs were appointed for a specific term of three years and were subject to retirement by rotation and re-election in accordance with the Articles of Association at least once every three years.

The Company provides Directors with directors' liability insurance coverage to protect them from loss as a result of any legal proceeding against the Company.

The posts of the CEO and Chairman are both held by Mr. Ji, and the Company appointed Mr. Deng as the co-CEO on 17 May 2016. The reasons have been explained in the section headed "Corporate Governance Code" of this report.

Professional Continuous Development of Directors

Every newly appointed Director will receive a comprehensive, formal and tailored induction on the first occasion of his appointment to ensure he/she has a proper understanding of the Company's operations and business and full awareness of his/her responsibilities under the Listing Rules, legal and other regulatory requirements, and in particular the Company's business and governance policies. The company secretary facilitates the induction and professional development of Directors.

The Directors acknowledge the need to continue to develop and refresh their knowledge and skills to continue to make contributions to the Company. Directors also reviewed the regular business and financial updates and other reading materials provided to them concerning latest developments in corporate governance practices and relevant legal and regulatory developments. The records of the Directors' participation in various continuous professional development program is kept with the company secretarial department. A summary of training received by the Directors for the year ended 31 December 2016 according to the records provided by the Directors is as follows:–

Name of Directors	Attending seminars/ conferences/ forums	Reading newspapers, journals and updates relating to the economy, general business, accounting, laws, rules and regulations, etc.
Executive Directors		
Mr. Ji Changqun	✓	✓
Mr. Shi Zhiqiang	✓	✓
Mr. Fang Jian (Note 1)	✗	✓
Mr. Wang Bo	✓	✓
Non-executive Directors		
Mr. Eddie Hurip (Note 2)	✓	✓
Mr. Chen Minrui (Note 3)	✓	✓
INEDs		
Mr. Chow Siu Lui	✓	✓
Mr. Lau Chi Keung	✓	✓
Mr. Tsang Sai Chung	✓	✓

Notes:

1. Mr. Fang Jian resigned as executive Director with effect from 22 June 2016.
2. Mr. Eddie Hurip resigned as non-executive Director with effect from 31 December 2016.
3. Mr. Chen Minrui resigned as non-executive Director with effect from 30 March 2016.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy (the "**Board Diversity Policy**") on 1 September 2013 which sets out the approach to achieve diversity on the Board. A summary of this policy together with the measureable objectives set for implementing the Board Diversity Policy, and the progress made towards achieving those objectives are disclosed below.

Summary of the Board Diversity Policy

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

Measurable Objectives

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

Monitoring and Reporting

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

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

A copy of the Board Diversity Policy has been published on the Stock Exchange's website for public information.

ROLE AND FUNCTION OF THE BOARD AND THE MANAGEMENT

The Board is responsible for overall strategic formulation and performance monitoring of the Group. It delegates day-to-day operations of the Company to the management within the control and authority set by the Board. In addition, the Board has also delegated various responsibilities to the Audit Committee, the Remuneration Committee and the Nomination Committee. Further details of these committees are set out in this report.

BOARD MEETINGS AND BOARD PROCEDURAL MATTERS

The Board meets at least four times a year and has formal procedures to include matters to be referred to it for consideration and decisions at the Board meetings. Notice of at least 14 days is served for regular Board meetings. Each director may include any item in the agenda. The agenda, accompanied by meeting papers with sufficient and reliable information, are sent to each director not less than three days before the date of the Board meeting to enable the Directors to make informed decision on the matters to be discussed except where a Board meeting is convened on a very urgent basis to consider any urgent ad hoc matters. Between scheduled meetings, management provides information to the Directors on the activities of and developments in the businesses of the Group. As and when deemed necessary, additional Board meetings may be convened. In addition, any Director may request the company secretary of the Company to arrange for independent professional advice to assist the Directors to effectively discharge their duties.

The personnel of the company secretarial department is responsible for taking minutes of the Board meetings and the Board committee meetings, draft and final versions of which would be sent to Directors for comments and records respectively, within a reasonable time after each meeting. Minutes are recorded in sufficient detail the matters considered and decisions reached, including any concerns raised by directors or dissenting views (if any) expressed. Minutes of Board meetings and Board committees meetings are kept by the company secretarial department and are open for inspection by any Director/committee member.

Except for those circumstances permitted by the bye-laws and all applicable laws, rules and regulations, a Director shall not vote on any Board resolution approving any contract or arrangement or any other proposal in which he or any of his associates has a material interest nor shall he be counted in the quorum present at the meeting.

REMUNERATION COMMITTEE

The Remuneration Committee was established on 18 January 2006. The members during the Year 2016 were:

Mr. Lau Chi Keung *(Chairman)*
Mr. Ji Changqun
Mr. Tsang Sai Chung

The Remuneration Committee is responsible for making recommendations to the Board on the remuneration packages of all executive Directors and senior management of the Company, including benefits-in-kind, pension rights and compensation payments, and making recommendations to the Board on the remuneration of the non-executive Directors. In developing remuneration policies and making recommendation as to the remuneration of the Directors and senior management of the Company, the Remuneration Committee takes into account the performance of the Group as well as individual Directors and senior management of the Company. No Director can determine his own remuneration package.

The terms of reference of the Remuneration Committee, which described its authority and duties, are available on the Company's website.

During the Year 2016, the Remuneration Committee held two meetings. Matters considered at the meeting included revision of the compensation payable to all Directors and senior management of the Group and recommendation to the Board on the Group's remuneration policy and structure and matters relating to the appointment of Mr. Deng as our co-CEO. The attendance of each member at the Remuneration Committee meetings held in 2016 had been disclosed earlier in this report.

Remuneration payable to non-director and non-chief executive top five highest paid employees for the Year 2016 is set out below:

	Number of employees 2016
HK$1,500,001 to HK$2,000,000	–
HK$2,000,001 to HK$2,500,000	–
HK$2,500,001 to HK$3,000,000	1
HK$3,500,001 to HK$4,000,000	1
HK$4,500,001 to HK$5,000,000	1
	3

Directors' emoluments comprise payments to Directors by the Group in connection with the management of the affairs of the Group and other benefits. The amounts paid to each Director for the year ended 31 December 2016 are shown in note 9 to the consolidated financial statements attached to this annual report.

AUDIT COMMITTEE

The Audit Committee was formed to review and supervise the financial reporting process and internal control of the Company. The Audit Committee currently comprises three INEDs and one member possesses the appropriate professional qualifications, business and financial experience and skills. The members during the Year 2016 were:

Mr. Chow Siu Lui *(Chairman)*
Mr. Lau Chi Keung
Mr. Tsang Sai Chung

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

During the Year 2016, the Audit Committee held three meetings. Matters considered at the meetings included review of the Group's 2016 annual and interim results, the fees for engaging the external auditors to provide the audit for the relevant years, the independence of the external auditors, the Company's financial control, internal control and risk management system. The attendance of each member at the Audit Committee meetings held in 2016 had been disclosed earlier in this report.

NOMINATION COMMITTEE

The Nomination Committee was established on 9 November 2012. Its members during the Year 2016 were:

Mr. Ji Changqun *(Chairman)*
Mr. Lau Chi Keung
Mr. Tsang Sai Chung

The Nomination Committee is responsible for establishing formal procedures for the appointments of new Directors and re-nomination and re-election of Directors. In nominating candidates for appointment of Directors, the Nomination Committee will consider their necessary expertise and experience as well as the Board Diversity Policy.

The terms of reference of the Nomination Committee, which described its authority and duties, are available on the Company's website.

During the Year 2016, the Nomination Committee held three meetings. Matters considered at the meetings included the revision of the structure, size and composition of the Board, qualifications for all Directors and senior management of the Group and independence of the INEDs, the matters relating to the appointment of Mr. Deng as our co-CEO and the establishment of the Risk Management Committee. The attendance of each member at the Nomination Committee meetings held in 2016 had been disclosed earlier in this report.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee was established on 16 December 2016. Its members during the Year 2016 were:

Mr. Shi Zhiqiang *(Chairman)*
Mr. Wang Bo
Mr. Tsang Sai Chung

The Risk Management Committee is responsible for identifying, discussing, addressing and reviewing the risks of the Company.

The terms of reference of the Risk Management Committee, which described its authority and duties, are available on the Company's website.

During the Year 2016, the Risk Management Committee held one meeting. Matters considered at the meeting included the discussion on reviewing the overall risks of the Company within the year, and delegating the authority to the risk management working group to follow up the risk issues. The attendance of each member at the Risk Management Committee meeting held in 2016 had been disclosed earlier in this report.

COMPANY SECRETARY

The company secretary of the Company, Ms. Seto Ying, undertook not less than 15 hours of relevant professional training during the year ended 31 December 2016.

AUDITORS' REMUNERATION

The fees paid to the external auditor of the Company, for audit and non-audit services for the year ended 31 December 2016 amounted to approximately RMB2,449,000 (2015: RMB1,413,000) and approximately RMB1,008,000 (2015: RMB1,450,000) respectively.

Fees payable to the external auditor for non-audit services for the year amounted to approximately RMB1,008,000 with details are listed below:

1)	Review and conduct consultancy on the acquisition and disposal projects	RMB358,000
2)	Interim review	RMB300,000
3)	Review of the unaudited pro forma financial information, the cash flow forecast and the statement of indebtedness included in the circular in relation to the acquisition of CHS	RMB350,000

In considering the appointment of external auditors, the Audit Committee has taken into consideration the future development of the Company, the relationship of the external auditors with the Company and their independence in the provision of non-audit services. Based on the results of the reviews and after taking into account the opinion of the management of the Group, the Audit Committee recommended the Board to re-appoint Ernst & Young (the "**E&Y**") as the external auditors of the Company for the year 2017, subject to approval by the Shareholders at the forthcoming 2017 annual general meeting of the Company to be held on 19 May 2017. There is no former partner of the existing firm auditing the accounts of the Company acting as a member of the Audit Committee within one year commencing on the date of his ceasing to be a partner of the firm. In addition, the Audit Committee is of the view that the auditor's independence is not affected by the non-audit services rendered.

INTERNAL CONTROL

The Board has, through the Audit Committee, conducted interim and annual reviews of the adequacy and effectiveness of the Group's internal control system covering the financial, operational, compliance and risk management functions. The Group's internal control system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operational system and achievements of the Group's objectives.

In order to improve the Group's internal controls, the Company has engaged RSM Consulting (Hong Kong) Limited ("**RSM**") to perform a review of the procedures, systems and controls for the Group. RSM has submitted its internal control review reports for the Group to the Audit Committee and the Board in August 2016 and March 2017 respectively. Findings and recommendations concerning improvements to the Group's internal controls have been reviewed by the Audit Committee and the Board. The Board considered the Group's internal control system to be effective and adequate, and to further enhance the effectiveness of the the internal control, the Company has implemented an ongoing internal control review plan by engaging RSM for the coming year.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the audited consolidated financial statements of the Group for the year ended 31 December 2016. The Directors ensure that the audited consolidated financial statements of the Group for the year ended 31 December 2016 have been properly prepared in accordance with the statutory requirements and applicable accounting standards.

The statement by the auditor of the Company and the Group regarding its reporting responsibilities on the financial statements of the Company and the Group is set out in the Independent Auditor's Report on pages 112 to 117 of this report.

COMMUNICATION WITH SHAREHOLDERS

The Shareholders' communication policy aims at providing the Shareholders and potential investors with ready and timely access to balanced and understandable information of the Company. It will be reviewed regularly to ensure its effectiveness and compliance with the prevailing regulatory and other requirements.

Following the change of the Company's name, a new Company's website at www.fullshare.com has been launched with more comprehensive information which enhances the transparency and communication effectiveness between the Company, the Shareholders and the investment community. The Company has established a number of channels to maintain an on-going dialogue with its Shareholders as follows:

(i) corporate communications such as annual reports, interim reports and circulars are issued in printed form and are available on the Stock Exchange's website at www.hkex.com.hk and the Company's website at www.fullshare.com;

(ii) periodic announcements are made through the Stock Exchange and published on the respective websites of the Stock Exchange and the Company;

(iii) corporate information and the Memorandum and Articles of Association of the Company are made available on the Company's website;

(iv) annual general meeting and EGM provide a forum for the Shareholders to make comments and exchange views with the Directors and senior management;

(v) the Company's share registrar serves the Shareholders in respect of share registration, dividend payment, change of Shareholders' particulars and related matters;

(vi) Shareholders and the investment community may at any time make a request to the company secretary or the IR contacts of the Company in writing for the Company's information to the extent such information is publicly available. The contact details are set out in the "Enquiry Form" under the "Contact Us" section and in the "IR Enquiries" under the "IR" section of the Company's website at www. fullshare.com; and

(vii) publicly available news and information about the Company can also be sent to the Shareholders who have subscribed to the notification service on the Company's website.

The notice to Shareholders is to be sent in the case of an annual general meeting and any extraordinary general meeting at which the passing of a special resolution is to be considered not less than 20 clear business days before the meeting. All other EGM may be called by not less than 10 clear business days' notice. An explanation of the detailed procedures of conducting a poll is provided to the Shareholders at the commencement of the meeting. The chairman of the meeting answers questions from Shareholders regarding voting by way of a poll. The poll results are published in the manner prescribed under the requirements of the Listing Rules.

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to Convene an Extraordinary General Meeting

Pursuant to the Articles of Association, the Board shall, on the written requisition to the Board or the company secretary of the Company, of the members of the Company holding at the date of the deposit of the requisition not less than one-tenth of such of the paid-up capital of the Company as at the date of the deposit carrying the right of voting at general meetings of the Company, forthwith proceed duly to convene an extraordinary general meeting of the Company for the transaction of any business specified in such requisition and such meeting shall be held within two months after the deposit of such requisition.

If the Board does not within 21 days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionist(s) shall convene the meeting in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for Putting forward Proposals at a General Meeting

There are no provisions under the Articles of Association or the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands regarding procedures for Shareholders to put forward proposals at general meetings other than a proposal of a person for election as Director. Shareholders may follow the procedures set out above to convene an extraordinary general meeting for any business specified in such written requisition.

Procedures for Proposing a Person for Election as a Director

Shareholders may elect any individual ("**Candidate**") to be a Director by ordinary resolution. The Candidate for election is proposed by separate resolutions put forward for Shareholders' consideration at general meetings.

According to Article 88 of the Articles of Association, any member who wishes to propose a Candidate (other than the member himself/herself) for election as a Director should observe the following nomination procedure:

1. Prepare a signed notice of intention to propose a Candidate for election. The notice has to be signed by a member other than the Candidate being proposed.

2. Obtain a notice signed by the Candidate stating his/her willingness to be elected.

3. Both notices, completed in accordance with Rule 13.51(2) of the Listing Rules, are to be submitted to the head office or the registration office at least 7 days before the dispatch of the notice of such general meeting.

4. Should the notice of the general meeting appointed for such election has been sent out, the period for lodgement of such notice shall commence on the day after the dispatch of the notice of such general meeting and the last day to do so is the seventh day before the date of such general meeting.

Procedures for Directing Shareholders' Enquiries to the Board

Shareholders may at any time send their enquires and concerns to the Board in writing through the company secretary of the Company whose contact details are set out in the "Contact Us" section of the Company's website at www.fullshare.com.

Shareholders may also make enquiries with the Board at the general meetings of the Company.

During the Year 2016, the Company has not made any changes to its Memorandum and Articles of Association. The updated version of the Memorandum and Articles of Association is available on the Company's website and the Stock Exchange's website. Shareholders may refer to the Articles of Association for further details of their rights.

Report of the Directors

The Board of the Company presents the annual report and the audited consolidated financial statements of the Group for the Year 2016.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of the Group are property development and investment, tourism, investment, provision of healthcare products and services and new energy business. Details of the principal activities of each of the principal subsidiaries of the Group are set out in note 1 to the consolidated financial statements attached to this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2016 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 118 to 119 of this annual report.

PROPOSED FINAL DIVIDEND

The Board has resolved to recommend a final dividend of RMB1.5 cents (2015: 1.0 cent) per share in cash distributed from the share premium account of the Company for the Year 2016 to the Shareholders whose names appear on the register of members of the Company on 25 May 2017. Such final dividend will not be subject to any withholding tax. As at 31 December 2016, the Company's share premium account was approximately RMB17,787,077,000. After the payment of the final dividend, assuming there is no other change to the share premium account, the Company's share premium account is expected to be reduced to approximately RMB17,491,141,000. The proposed final dividend shall be declared in RMB and paid in Hong Kong dollars. The final dividend payable in Hong Kong dollars will be converted from RMB at the average middle rate of RMB to Hong Kong dollars of 1.13 as announced by the Hongkong and Shanghai Banking Corporation Limited as at 30 March 2017.

The proposed final dividend is subject to the approval of the Shareholders at the forthcoming annual general meeting to be held on 19 May 2017. The final dividend is expected to be paid on 15 June 2017.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM of the Company to be held on Friday, 19 May 2017, the register of members of the Company will be closed from Tuesday, 16 May 2017 to Friday, 19 May 2017, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:00 p.m. on Monday, 15 May 2017.

For determining the entitlement to the proposed final dividend for the Year 2016 (subject to approval by the Shareholders at the AGM), the register of members of the Company will be closed from Thursday, 25 May 2017 to Wednesday, 31 May 2017, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible for the above proposed final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:00 p.m. on Wednesday, 24 May 2017.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to Shareholders as at 31 December 2015 and 2016 were as follows:–

	2016	2015
	RMB'000	RMB'000
Share premium	**17,787,077**	3,434,961
Contributed surplus	**82,603**	82,603
Retained profits	**318,952**	88,724
Total	**18,188,632**	3,606,288

Under the Companies Law (Revised) Chapter 22 of the Cayman Islands, the share premium is available for paying distributions or dividends to Shareholders of the Company subject to the provisions of its Memorandum and Articles of Association and provided that immediately following the distribution of dividend, the Company is able to pay its debts as they fall due in the ordinary course of business. The Articles of Association provides that an ordinary resolution passed by the Shareholders of the Company is required for any distribution out of the share premium account. In the opinion of the Directors, the reserves of the Company available for distribution comprise share premium, contributed surplus and retained profits.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group are set out in note 14 to the consolidated financial statements attached to this annual report.

INVESTMENT PROPERTIES

Details of movements in the investment properties of the Group during the year ended 31 December 2016 are set out in note 15 to the consolidated financial statements attached to this annual report.

SHARE CAPITAL

Details of share capital of the Company are set out in note 43 to the consolidated financial statements attached to this annual report.

FUND RAISING ACTIVITIES

(1) On 6 September 2016, the Company entered into a subscription agreement (the "**Subscription Agreement**") with Superb Colour Limited (the "**Subscriber**"), pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 538,357,500 ordinary shares of HK$0.01 each in the share capital of the Company (the "**Subscription Share(s)**") at the subscription price of HK$3.715 per Subscription Share (the "**Subscription**"). The aggregate nominal value of the Subscription Shares is HK$5,383,575. The closing price of the Company's shares is HK$4.37 per share on the date of the Subscription Agreement. On 29 September 2016, the Company issued 538,357,500 Subscription Shares to the Subscriber.

The Directors are of the view that the Subscription can (i) raise further capital for development in the healthcare sector; (ii) strengthen the financial position of the Group; and (iii) provide general working capital for the Group. The Subscription also represents a good opportunity to broaden the capital base of the Company. The Directors consider that the Subscription is in the interest of the Company and the Shareholders as a whole. The gross proceeds from the Subscription are HK$1,999,998,113. The net proceeds from the Subscription (after deducting the costs, expenses and fees incurred in the Subscription) are HK$1,999,774,689. The net proceeds raised per Subscription Share are approximately HK$3.714 per Share.

The Company intends to use the net proceeds from the Subscription in the following manner:

(a) develop and invest in property, healthcare and investment segment as and when appropriate; and

(b) supplement the general working capital of the Group for, among others, the payment of consideration for previously announced acquisitions.

The net proceeds were used as intended as to approximately 50% to develop and invest in property, healthcare and investment segment and the remaining net proceeds were used for general working capital.

Details of the Subscription were set out in the announcement of the Company dated 6 September 2016.

(2) On 7 September 2016, the Group entered into a subscription agreement with Macquarie Bank Limited ("**MBL**") to issue zero coupon convertible notes due 2017 (the "**Notes**") in an aggregate principal amount of HK$350,000,000 comprising five sub-tranches of HK$70,000,000 each at the issue price of 99% of the principal amount of the Notes. The Notes are convertible into ordinary shares of the Company at a conversion price of 95% of the volume weighted average price of the shares of the Company as traded on the Stock Exchange on the trading day immediately preceding the conversion date. The minimum conversion price shall initially be HK$3.00 per Share, subject to adjustments.

The Notes are redeemable at the option of the Company at a price of 99% of the principal amount of the Notes. Any Notes not converted will be redeemed at 99% of its principal amount on the maturity date. Pursuant to the terms of the subscription agreement, the Group is obliged to issue and MBL is obliged to subscribe and pay for, within 5 trading days after conversion of all the Notes of the immediately preceding sub-tranche, the next succeeding sub-tranche of the Notes.

The issue of the Notes and the right of conversion into shares of the Company attached to the Notes were approved and authorised by the Shareholders under specific mandate at the extraordinary general meeting of the Company held on 18 October 2016. During the Year 2016, the first sub-tranche Notes, second sub-tranche Notes and the third sub-tranche Notes were issued on 1 November 2016, 17 November 2016 and 18 November 2016, respectively. During the Year 2016, (i) the first sub-tranche Notes have been fully converted into a total of 16,940,000 Shares of the Company from 1 November 2016 to 16 November 2016 at the conversion price ranging from HK$4.087850 to HK$4.155395 per Share; (ii) the second sub-tranche Notes have been fully converted into a total of 16,640,000 Shares of the Company from 17 November 2016 to 18 November 2016 at the conversion price of HK$4.146275 and HK$4.24118 per Share respectively; and (iii) the third sub-tranche Notes have been partially converted in an aggregate principal amount of HK$45,000,000 into a total of 10,610,000 Shares of the Company at HK$4.24118 per Share on 18 November 2016. As at 31 December 2016, the outstanding amount of the third sub-tranche Notes is HK$25,000,000.

The estimated net proceeds from the issue of the Notes of approximately HK$346,000,000 will be applied to finance any possible acquisitions or investments as and when opportunities arise and to the general working capital of the Group. As at 31 December 2016, the Company has received the net proceeds of approximately HK$183,150,000 from the issue of the three sub-tranches of the Notes which have been utilised as the general capital and invested in the healthcare segment of the Group.

Details of the subscription were set out in the announcement of the Company dated 7 September 2016 and the circular of the Company dated 29 September 2016.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Year 2016.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year 2016, the Group's largest customer and five largest customers accounted for approximately 8% and 16% of the total sales for the year respectively. The Group's largest supplier and five largest suppliers accounted for approximately 13% and 30% of the total purchases for the year respectively.

During the Year 2016, none of the Directors or any of their respective close associates nor any Shareholders who, to the knowledge of the Directors, hold 5% or more of the Company's share capital has any interest in any of the Group's five largest customers and suppliers.

Report of the Directors

DIRECTORS

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

Executive Directors:

Mr. Ji Changqun *(Chairman and CEO)*
Mr. Shi Zhiqiang
Mr. Wang Bo
Mr. Fang Jian (resigned on 22 June 2016)

Non-executive Directors

Mr. Eddie Hurip (resigned on 31 December 2016)
Mr. Chen Minrui (resigned on 30 March 2016)

Independent Non-Executive Directors:

Mr. Lau Chi Keung
Mr. Chow Siu Lui
Mr. Tsang Sai Chung

In accordance with the provisions of the Articles of Association, Mr. Wang Bo, and Mr. Chow Siu Lui will retire by rotation and, being eligible, offer themselves for re-election at the AGM.

On 17 May 2016, three INEDs and Mr. Hurip entered into supplemental service contracts with specific term of three years with the Company. Thereafter, all Directors have a fixed service period of three years and can be terminated earlier by prior written notice given by either party to the other not less than three months. Since 17 May 2016, each Director has entered into a service contract with the Company until the forthcoming general meeting of the Company after his appointment and will be eligible for re-election at that meeting. If he is re-elected, his appointment will continue unless terminated earlier by prior written notice given by either party to the other not less than three months. Each Director is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association at least once every three years.

None of the Directors has entered into a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

CONFIRMATIONS OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the existing INEDs an annual confirmation of his independence as required under Rule 3.13 of the Listing Rules and considers all the INEDs are independent.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2016, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**")) which (i) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company; or (ii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(i) Long positions in the Shares or underlying Shares

Name of Director	Nature of interests	Number of issued Shares held	Approximate percentage of the issued share capital of the Company
Mr. Ji	Beneficial owner and interest in controlled corporation (Note)	10,126,770,454	51.33%
Mr. Shi Zhiqiang	Beneficial owner	2,780,000	0.01%
Mr. Wang Bo	Beneficial owner	6,000,000	0.03%

Note: 937,910,000 Shares are held by Mr. Ji directly as the beneficial owner. In addition, by virtue of the SFO, Mr. Ji is deemed to be interested in the 9,188,860,454 Shares held by Magnolia Wealth International Limited ("**Magnolia Wealth**"), a company incorporated in the British Virgin Islands (the "**BVI**") whose entire issued share capital is beneficially owned by Mr. Ji. Accordingly, Mr. Ji is interested in 10,126,770,454 Shares.

(ii) Long positions in the shares of the Company's associated corporation

Magnolia Wealth

Magnolia Wealth is incorporated in the BVI with limited liability, and is also a holding company of the Company. Mr. Ji is the director of Magnolia Wealth. The interests of the Directors or chief executives of the Company in Magnolia Wealth as at 31 December 2016 are disclosed as follows:

Name of Director	Name of associated corporation	Capacity	Number of issued Shares held	Approximate percentage of the associated corporation
Mr. Ji	Magnolia Wealth	Beneficial owner	1	100%

CHS

CHS (Stock Code: 658), which is listed on the Stock Exchange, was owned 73.91% interests by the Company as at 31 December 2016 and deemed as a subsidiary of the Company. Therefore the interests of the Directors or chief executives of the Company in CHS as at 31 December 2016 are disclosed as follows:

Name of Director	Nature of interests	Corporate interests	Total	Approximate percentage of the associated corporation
Mr. Ji	Interest in controlled corporation(1)	1,226,467,693(1)	1,226,467,693	74.99%(2)

Notes:

(1) 1,226,467,693 shares comprise the following:

(i) 17,890,000 shares are directly held by Glorious Time Holdings Limited ("**Glorious Time**"), a company incorporated in the BVI, which is wholly-owned by Mr. Ji who is also a director of Glorious Time. By virtue of the SFO, Mr. Ji is deemed to be interested in the 17,890,000 shares held by Glorious Time.

(ii) 1,208,577,693 shares are directly held by Five Seasons XVI, which is incorporated in BVI and a wholly-owned subsidiary of the Company. Magnolia Wealth is the controlling shareholder of the Company, which is wholly-owned by Mr. Ji who is also a director of Magnolia Wealth. By virtue of the SFO, Mr. Ji is deemed to be interested in the 1,208,577,693 shares held by Five Seasons XVI.

(2) This percentage has been determined based on 1,635,291,556 shares of CHS in issue as at 31 December 2016.

ADHL

ADHL (Stock Code: 519), which is listed on the Stock Exchange, was owned as to 26.82% interest by the Company as at 31 December 2016 and deemed as an associated corporation of the Company. The shareholding of the Directors or chief executives of the Company in ADHL as at 31 December 2016 is disclosed as follows:

Name of Director	Nature of interests	Corporate interests	Total	Approximate percentage of the associated corporation
Mr. Ji	Interest in controlled corporation(1)	559,865,959(1)	559,865,959	26.82%(2)

Notes:

(1) 559,865,959 shares are directly held by Rich Unicorn, which is incorporated in the BVI and a wholly-owned subsidiary of the Company. Magnolia Wealth is the controlling shareholder of the Company, which is wholly-owned by Mr. Ji who is also a director of Magnolia Wealth. By virtue of the SFO, Mr. Ji is deemed to be interested in the 559,865,959 shares held by Rich Unicorn.

(2) This percentage has been determined based on 2,087,590,739 shares of ADHL in issue as at 31 December 2016.

Hin Sang Group

Hin Sang Group (Stock Code: 6893), which is listed on the Stock Exchange, was owned as to 23.02% interest by the Company as at 31 December 2016 and deemed as an associated corporation of the Company. The shareholding of the Directors or chief executives of the Company in Hin Sang Group as at 31 December 2016 is disclosed as follows:

Name of Director	Nature of interests	Corporate interests	Total	Approximate percentage of the associated corporation
Mr. Ji	Interest in controlled corporation[(1)]	250,000,000[(1)]	250,000,000	23.02%[(2)]

Notes:

(1) 250,000,000 shares are directly held by Viewforth Limited ("**Viewforth**"), which is incorporated in the BVI and a wholly-owned subsidiary the Company. Magnolia Wealth is the controlling shareholder of the Company, which is wholly-owned by Mr. Ji who is also a director of Magnolia Wealth. By virtue of the SFO, Mr. Ji is deemed to be interested in the 250,000,000 shares held by Viewforth.

(2) This percentage has been determined based on 1,085,796,000 shares of Hin Sang Group in issue as at 31 December 2016.

Save as disclosed above, none of the Directors or chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code as at 31 December 2016.

Save as disclosed above, as at 31 December 2016, none of the Directors or chief executives was a director or employee of a company which had an interest or short position in the Shares or underlying Shares which disclosure to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO is required.

ARRANGEMENTS FOR DIRECTORS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors or chief executives of the Company to acquire benefits by means of the acquisition of Shares, or debentures of the Company or any other body corporate, and neither the Directors nor the chief executives of the Company, nor any of their spouses or children under the age of 18, had any right to subscribe for securities of the Company or had exercised such right during the Year 2016.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in the paragraph headed "Connected and Continuing Connected Transactions" below and in note 53 to the consolidated financial statements attached to this annual report, no transaction, arrangement or contract of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a Director had a material interest, subsisted at the end of the Year 2016 or at any time during the Year 2016 nor had there been any contract of significance which had been entered into between the Company or any of its subsidiaries and a controlling shareholder or any of its subsidiaries during the Year 2016.

CONNECTED AND CONTINUING CONNECTED TRANSACTIONS

Certain related party transactions as set out in note 53 to the consolidated financial statements are continuing connected transactions and/or connected transactions under the Listing Rules. Details of the connected transactions and continuing connected transaction of the Company, required to be disclosed under Chapter 14A of the Listing Rules are set out below.

Connected Transactions

1. On 27 November 2015, Nanjing Fullshare Technology (an indirect wholly-owned subsidiary of the Company) entered into a sale and purchase agreement with Nanjing Sheng Chuang Investments Company Limited*（南京盛創投資有限公司）("**Nanjing Sheng Chuang**") and Jiangsu Kean Construction Engineering Company Limited*（江蘇科安建設工程有限公司）("**Jiangsu Kean Construction**"), whereby Nanjing Fullshare Technology conditionally agreed to purchase, and Nanjing Sheng Chuang and Jiangsu Kean Construction conditionally agreed to sell 90% and 10% of the issued share capital in Jiangsu Anke Science and Technology Development Co., Ltd.*（江蘇安科科技發展有限公司）(the "**Target Company**"), respectively, at an aggregate consideration of RMB21,471,000. The total consideration of RMB21,471,000. payable by the Company for the acquisition shall be satisfied in cash by installments. Upon completion of the sale and purchase agreement in accordance with its terms and conditions, the Target Company will become an indirect wholly-owned subsidiary of the Company.

   As Mr. Ji (a controlling shareholder and an executive Director) is ultimately interested in approximately 79.74% equity interest in Nanjing Sheng Chuang and 81.73% equity interest in Jiangsu Kean Construction as at the date of the sale and purchase agreement, each of Nanjing Sheng Chuang and Jiangsu Kean Construction is an associate of Mr. Ji and therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, such transaction constitutes a connected transaction of the Company under the Listing Rules.

   The above transaction was terminated on 30 September 2016 due to the reason that the conditions precedent had not been satisfied. Please refer to the Company's announcements dated 27 November 2015, 18 December 2015, 8 January 2016, 22 January 2016, 29 February 2016, 29 April 2016, 30 June 2016 and 30 September 2016 for further details.

2. On 3 February 2016, Nanjing Fullshare Asset Management (the "**Purchaser**"), an indirect wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with Nanjing Fullshare Holding and Mr. Ji (the "**Vendors**"), whereby the Purchaser conditionally agreed to purchase, and the Vendors conditionally agreed to sell approximately 72.19% of the issued share capital in Shenzhen Anke, at an aggregate cash consideration of RMB140,000,000 payable in accordance with the terms and conditions thereto. The Board believes that the acquisition of Shenzhen Anke will create a good opportunity for the Group to expand its business into the healthcare market in the PRC, and the acquisition will broaden the source of revenue and create a foundation for the Group's future growth.

   As Mr. Ji is a controlling shareholder and an executive Director, he is a connected person of the Company under the Listing Rules. As Mr. Ji directly and indirectly owns in total approximately 79.74% equity interest in Nanjing Fullshare Holding as at the date of the sale and purchase agreement, Nanjing Fullshare Holding is an associate of Mr. Ji and therefore a connected person of the Company. Accordingly, such transaction constitutes a connected transaction of the Company under the Listing Rules.

   As at 31 December 2016, the above transaction has been completed. Please refer to the Company's circular dated 24 March 2016 and the announcements dated 3 February 2016, 29 February 2016, 11 March 2016, 29 March 2016 and 17 May 2016 for further details.

3. On 21 April 2016, Five Seasons V, an indirect wholly-owned subsidiary of the Company, and Fullshare International (Australia) entered into the share sale and purchase agreement whereby, among other things, Five Seasons V conditionally agreed to purchase, and Fullshare International Australia conditionally agreed to sell 100% of the issued share capital (the "**Sale Shares**") in Fullshare International (Australia) Turtle Point Hotel Pty Ltd, Fullshare International (Australia) Jagabara Pty Ltd, Fullshare International (Australia) Farms Pty Ltd, Fullshare International (Australia) Quarries Pty Ltd, Fullshare International (Australia) Marina Pty Ltd, Fullshare Laguna Management Pty Ltd, Fullshare International (Australia) Villa Pty Ltd, Fullshare International (Australia) Service Pty Ltd, Fullshare International (Australia) Pandanus Pty Ltd, Fullshare International (Australia) Ranges Pty Ltd, Fullshare International (Australia) Turtle Point Golf and Country Club Pty Ltd, Fullshare International (Australia) Bruce Pty Ltd, Fullshare International (Australia) Queens Hill Pty Ltd, and Fullshare International (Australia) Village Pty Ltd, (collectively, the "**Target Companies**") at an aggregate consideration of AUD29,224,085 (equivalent to approximately HK$176,708,198). The consideration was satisfied by cash.

   On the same day, Five Seasons V(A), an indirect wholly-owned subsidiary of the Company, and Laguna Whitsundays entered into the land sale agreement whereby, among other things, Five Seasons V(A) conditionally agreed to purchase, and Laguna Whitsundays conditionally agreed to sell the land properties located at 573 Kunapipi Road, Lot 16 Kunapipi Road, Lot 33 Kunapipi Road and 529 Kunapipi Road, Bloomsbury, Queensland at an aggregate consideration of AUD18,776,015 (equivalent to approximately HK$113,532,238). The consideration was satisfied by cash.

   The reason for entering into the above share sale and purchase agreement and the land sale agreement was to provide more land resources for the Group's further development in Australia.

As Mr. Ji is a controlling shareholder and an executive Director, Mr. Ji is a connected person of the Company pursuant to Chapter 14A of the Listing Rules. As Fullshare International (Australia) is an indirect wholly-owned subsidiary of Fullshare Technology, which in turn is directly held as to 81% by Mr. Ji and as to 19% by Nanjing Fullshare Holding, which in turn is held as to 79.74% by Mr. Ji as at 21 April 2016. Accordingly, Fullshare International (Australia) is an associate of Mr. Ji and therefore a connected person of the Company pursuant to Chapter 14A of the Listing Rules.

Mr. Ji Changbin, the elder brother of Mr. Ji, is a connected person of the Company pursuant to Chapter 14A of the Listing Rules. As Laguna Whitsundays is owned as to 50% by Fullshare International (Australia), and as to 50% by Nanjing Construction Group (Australia) Investment Management Pty Ltd ATF Nanjing Construction Group (Australia) Investment Management Unit Trust ("**NCGA Investment**"), which in turn is owned as to 100% by Nanjing Jiangong Group Co. Ltd.*（南京建工集團有限公司 ("**Nanjing Jiangong**")）, and which in turn is owned as to over 50% by Mr. Ji Changbin as at 21 April 2016. Accordingly, Laguna Whitsundays is an associate of Mr. Ji and therefore a connected person of the Company pursuant to Chapter 14A of the Listing Rules.

Mr. Shi is an executive Director and is interested in approximately 0.02% equity interest in the Company. As at 21 April 2016, Mr. Shi directly and indirectly owns in total approximately 8.12% equity interest in Nanjing Fullshare Holding.

Accordingly, the above transactions constitute connected transactions of the Company. Mr. Ji and Mr. Shi have abstained from voting on the relevant board resolutions of the Company in relation to the share sale and purchase agreement and the land sale agreement.

As at 31 December 2016, the above transactions have been completed. Please refer to the Company's announcement dated 21 April 2016 for further details.

4. On 4 July 2016, Five Seasons VI (A), an indirect wholly-owned subsidiary of the Company, and Fullmarr Hotels NQ Pty Ltd as trustee for the Fullmarr Hotels NQ Unit Trust, a company established in Australia ("**Fullmarr Hotels NQ**") entered into the hotel business sale agreement whereby, among other things, Five Seasons VI(A) conditionally agreed to purchase, and Fullmarr Hotels NQ conditionally agreed to sell the hotel assets that are utilised in the conduct of the Five Seasons VI (A)'s hotel business (as defined in the announcement dated 4 July 2016) free of all encumbrances at an aggregate cash consideration of AUD550,000 (equivalent to approximately RMB2,758,500 as at 4 July 2016) (subject to adjustment), upon and subject to the terms and conditions set out therein.

   On 4 July 2016, Five Seasons VI (B) Pty. Ltd. ("**Five Seasons VI(B)**"), an indirect wholly-owned subsidiary of the Company, and Fullmarr Management NQ Pty Ltd as trustee for the Fullmarr Management NQ Unit Trust, a company established in Australia ("**Fullmarr Management**") entered into the villa management business sale agreement whereby, among other things, Five Seasons VI(B) conditionally agreed to purchase, and Fullmarr Management conditionally agreed to sell the villa management assets that are utilised in the conduct of the villa management business (as defined in the announcement dated 4 July 2016) free of all encumbrances at an aggregate cash consideration of AUD50,000 (equivalent to approximately RMB250,800 as at 4 July 2016), upon and subject to the terms and conditions set out therein.

On 4 July 2016, Five Seasons VI (C) Pty Ltd. ("**Five Seasons VI(C)**"), an indirect wholly-owned subsidiary of the Company, and Fullmarr Country Club NQ Pty Ltd as trustee for the Fullmarr Country Club NQ Unit Trust, a company established in Australia ("**Fullmarr Country Club**") entered into the country club & resort stores business sale agreement whereby, among other things, Five Seasons VI(C) conditionally agreed to purchase, and the Fullmarr Country Club conditionally agreed to sell assets of certain country club & resort stores assets that are utilised in the operations of the country club & resort stores business free of all encumbrances at an aggregate cash consideration of AUD200,000 (equivalent to approximately RMB1,003,100 as at 4 July 2016) (subject to adjustment), upon and subject to the terms and conditions set out therein.

On 4 July 2016, Five Seasons VI (D) Pty. Ltd. ("**Five Seasons VI(D)**"), an indirect wholly-owned subsidiary of the Company, and Fullmarr Properties NQ Pty Ltd as trustee for Fullmarr Properties NQ Trust, a company established in Australia ("**Fullmarr Properties**") entered into the beachfront land sale agreement whereby, among other things, Five Seasons VI (D) conditionally agreed to purchase, and Fullmarr Properties conditionally agreed to sell the land located at Lot 88 Port Douglas Road, Port Douglas, Queensland subject to encumbrances at an aggregate cash consideration of AUD3,800,000 (equivalent to approximately RMB19,058,800 as at 4 July 2016), upon and subject to the terms and conditions set out therein.

On 4 July 2016, Five Seasons VI (C), and Fullmarr Country Club entered into the golf course land sale agreement whereby, among other things, Five Seasons VI (C) conditionally agreed to purchase, and Fullmarr Country Club conditionally agreed to sell the various lands located at Port Douglas, Queensland subject to encumbrances at an aggregate cash consideration of AUD5,500,000 (equivalent to approximately RMB27,585,000 as at 4 July 2016), upon and subject to the terms and conditions set out therein.

On 4 July 2016, Five Seasons VI (A) and Fullmarr Hotels NQ entered into the hotel land sale agreement whereby, among other things, Five Seasons VI (A) conditionally agreed to purchase, and Fullmarr Hotels NQ conditionally agreed to sell the land located at Lot 3 Port Douglas Road, Port Douglas, Queensland subject to encumbrances at an aggregate cash consideration of AUD50,100,000 (equivalent to approximately RMB251,274,600 as at 4 July 2016), upon and subject to the terms and conditions set out therein.

The reasons for entering into the above business sale agreements and the land sale agreements were to enrich the healthcare business of the Group and provide more land resources for the Group's further development in Australia.

On 4 July 2016, Fullmarr Hotels NQ and Fullmarr Country Club as service providers entered into a refurbishment service agreement with Five Seasons VI (A) and Five Seasons VI (C) at the amount of AUD25,000,000 in cash, pursuant to which Fullmarr Hotels NQ and Fullmarr Country Club agreed to provide refurbishment services to Five Seasons VI (A) and Five Seasons VI (C) to complete the refurbishment of the land and buildings comprising the Sheraton Mirage Resort and the Mirage Country Club.

As Mr. Ji is a controlling shareholder and an executive Director, Mr. Ji is a connected person of the Company pursuant to Chapter 14A of the Listing Rules. As each of the vendors above is indirectly owned (i) as to 50% by Fullshare Technology, which in turn is directly held as to 81% by Mr. Ji and as to 19% by Nanjing Fullshare Holding, and (ii) as to 50% by Nanjing Fullshare Holding, which in turn is held as to 79.74% by Mr. Ji as at 4 July 2016, each of the vendors above is an associate of Mr. Ji and therefore a connected person of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the above transactions constitute connected transactions of the Company.

Mr. Shi is an executive Director and is interested in approximately 0.02% equity interest in the Company. As at 4 July 2016, Mr. Shi directly and indirectly owns in total approximately 8.12% equity interest in Nanjing Fullshare Holding. Mr. Ji and Mr. Shi have abstained from voting on the relevant board resolutions of the Company in relation to the above transactions.

As at 31 December 2016, the above transactions have been completed. Please refer to the Company's circular dated 25 August 2016 and the announcements dated 5 January 2016, 4 July 2016, 25 July 2016, 30 September 2016 and 7 December 2016 respectively for further details.

5. During the period from 29 September 2016 to 30 December 2016, 南京天韻房地產開發有限公司 (Nanjing Tianyun Real Estate Development Company Limited*) ("**Nanjing Tianyun**") (a non wholly-owned subsidiary of the Company) and Mr. Ji and his relatives entered into the house purchase contracts for the sale and purchase of certain commercial residential houses together with the relevant underground garages and underground storeroom, respectively. These properties were sold by Nanjing Tianyun in its ordinary and usual course of business. The aggregate cash consideration of these contracts is RMB78,091,500.

   As Mr. Ji is the chairman of the Board, the co-CEO and executive Director of the Company and the ultimate controlling shareholder of the Company directly and indirectly holding approximately 51.33% as at the date of the relevant contracts, Mr. Ji is a connected person of the Company pursuant to Chapter 14A of the Listing Rules. The remaining purchasers, being the relatives of Mr. Ji, are also connected persons and/or deemed connected persons of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the above transactions constitute connected transactions of the Company.

   Please refer to the Company's announcement dated 3 January 2017 for further details.

Continuing connected transactions

1. On 12 May 2015, Fullshare Green Building entered into an equity transfer agreement (the "**Equity Transfer Agreement**") with Nanjing Fullshare Energy Science & Technology Company Limited*（南京豐盛新能源科技股份有限公司）("**Nanjing Fullshare Energy**"), pursuant to which Fullshare Green Building has conditionally agreed to purchase and Nanjing Fullshare Energy has conditionally agreed to sell the entire equity interest of Nanjing Fullshare Energy Management Company Limited*（南京豐盛能源管理有限公司）("**NFEM**"), Shanghai Far-seeker and Anhui Green Building, and 95% equity interest in Nanjing Far-seeker at an aggregate cash consideration of RMB28,000,000 in accordance with the terms and conditions of the Equity Transfer Agreement. Before the date of the Equity Transfer Agreement, NFEM being one of the target companies has already entered into two energy station operation and maintenance contracts (the "**CCT Agreements**") with the connected persons of the Company. As such, upon completion of the Equity Transfer Agreement, the CCT Agreements and the transactions contemplated thereunder will constitute continuing connected transactions of the Company under the Listing Rules.

   Summary of the Kunshan Huaqiao Energy Station Operation and Maintenance Contract

   In March 2015, Nanjing Fullshare Energy Technology Company Limited ("**Nanjing Fullshare Energy**") entered into an operation and maintenance contract (namely, the "**Kunshan Huaqiao Energy Station Operation and Maintenance Contract**") with NFEM, one of the target companies, pursuant to which Nanjing Fullshare Energy contracted NFEM to conduct operation and maintenance work in respect of the Kunshan Huaqiao Energy Station.

   Consideration: RMB200,000 (exclusive of all disbursements) per annum. In addition, NFEM will be entitled to 2% of service fee payable by users of the facilities in the Kunshan Huaqiao Energy Station to Nanjing Fullshare New Energy. The 2% service fee entitled to NFEM was approximately RMB210,000 for the year ended 31 December 2014. The NFEM's revenue derived from the Kunshan Huaqiao Energy Station Operation and Maintenance Contract was approximately RMB410,000 for the year ended 31 December 2014.

   Upon the equity transfer completion, the transactions contemplated under Kunshan Huaqiao Energy Station Operation and Maintenance Contract will become a continuing connected transaction.

   The aggregate transactions under the above contract as at 31 December 2015 amounted to approximately RMB475,000.

   The aggregate transactions under the above contract as at 31 December 2016 amounted to approximately RMB525,000.

Termination of the continuing connected transactions

The Company disposed of the entire equity interest of NFEM on 22 June 2016 (the "**Disposal**"), the Directors considered the disposal was a good opportunity for the Group to eliminate certain green building services, including, the green construction services which involves the usage of green building technology in building construction, including equipment procurement, installation and other related works) and the energy station management services, which were considered as services with long operating cycle and large initial investment cost.

There was no transaction occurred in relation to the CCT Agreements other than the Kunshan Huaqiao Energy Station Operation and Maintainance Contract mentioned above. After the completion of the Disposal on 29 June 2016, the transactions contemplated under the CCT Agreements will no longer constitute continuing connected transactions of the Company.

Further details of such continuing connected transactions were disclosed in the Company's announcements dated 12 May 2015 and 22 June 2016 respectively.

2. On 27 May 2015, the Company (as service provider) entered into a service agreement (collectively, the "**Service Agreements**") with each of Fullshare Group Pte. Ltd.*（豐盛集團私人有限公司）("**Fullshare Singapore**"), Fullshare International (Australia), Fullshare International (Australia) Cairns Pty. Ltd. ("**Fullshare Cairns**"), Fullshare Industrial Holding Group (Australia) Cairns Pty Ltd ATF Fullshare Industrial Holding Group (Australia) Cairns Unit Trust ("**Fullshare CUT**"), Nanjing Construction Group (Australia) Whisper Bay Pty ATF Nanjing Construction Group (Australia) Unit Trust ("**NCGA**") and Nanjing Construction Group (Australia) Investment Management Pty Ltd ATF Nanjing Construction Group (Australia) Investment Management Unit Trust ("**NCGA Investment**") (collectively, the "**Overseas Private Group**"), to regulate and provide the framework for the provision of the operation, administration and management services to be provided by the Group to the Overseas Private Group.

   As at 27 May 2015, Mr. Ji is interested in approximately 67.66% of the issued share capital in the Company and the chairman of the Board, the CEO and an executive Director of the Company. Accordingly, Mr. Ji is a connected person of the Company under Chapter 14A of the Listing Rules.

   Mr. Ji directly holds 100% equity interest in Fullshare Singapore and is indirectly interested in approximately 96.15%, 96.15% and 79.74% equity interest in Fullshare Australia, Fullshare Cairns and Fullshare CUT, respectively, and therefore each of Fullshare Singapore, Fullshare Australia, Fullshare Cairns and Fullshare CUT is an associate of Mr. Ji and therefore a connected person of the Company under Chapter 14A of the Listing Rules.

   Mr. Ji Changbin is an elder brother of Mr. Ji, and beneficially owns more than 50% equity interest in Nanjing Jiangong which in turn holds the entire equity interest of each of NCGA and NCGA Investment. Hence, each of Mr. Ji Changbin, Nanjing Jiangong, NCGA and NCGA Investment is an associate of Mr. Ji and therefore a connected person of the Company under Chapter 14A of the Listing Rules.

   As such, each of the Fullshare Singapore Service Agreement, the Fullshare Australia Service Agreement, the Fullshare Cairns Service Agreement, the Fullshare CUT Service Agreement, the NCGA Service Agreement and the NCGA Investment Service Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The annual caps for the continuing connected transactions contemplated under the Services Agreements for the three financial years ending 31 December 2017 are set out as follows:

	For the year ending 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
Fullshare Singapore Service Agreement	9,200	9,660	10,212
Fullshare International (Australia) Service Agreement (1)	2,205	2,450	2,450
Fullshare Cairns Service Agreement (3)	1,470	1,470	1,470
Fullshare CUT Service Agreement (4)	1,470	1,470	1,470
NCGA Service Agreement	2,940	2,940	2,940
NCGA Investment Service Agreement (2)	1,470	1,470	1,470

Further details of such continuing connected transactions were disclosed in the Company's announcement dated 27 May 2015.

The actual amounts of the transactions under Service Agreements incurred up to 31 December 2016 are listed below:

	For the year ended 2016
	RMB'000
Fullshare Singapore Service Agreement	4,931
Fullshare International (Australia) Service Agreement	521
Fullshare Cairns Service Agreement	1,201
Fullshare CUT Service Agreement	877
NCGA Service Agreement	2,052
NCGA Investment Service Agreement	313

Termination of the continuing connected transactions

On 21 April 2016, the Company entered into the Fullshare International (Australia) Termination Agreement with Fullshare International (Australia) and Fullshare Holdings (Australia) Services Management Pty. Ltd ("**Fullshare Holdings Australia**"), pursuant to which the parties agreed to terminate the Fullshare Australia Service Agreement and the Fullshare Australia Service Contract (refer to above agreement marked with note (1)) subject to and with effect from the date of completion of the share sale and purchase agreement and the land sale agreement, the details of which are set out in paragraph 3 under the sub-section headed "Connected Transactions" above.

In addition, on the same date, the Company entered into the NCGA Investment Termination Agreement with NCGA Investment and Fullshare Holdings Australia, pursuant to which the parties agreed to terminate the NCGA Investment Service Agreement and the NCGA Investment Service Contract (refer to above agreement marked with note (2)) subject to and with effect from the date of completion of the share sale and purchase agreement and the land sale agreement.

The Directors confirm that neither the Company, Fullshare Holdings Australia, Fullshare International (Australia) nor NCGA Investment has to pay the other party any penalty and/or compensation as a result of the termination.

The termination of above agreements marked with notes (1) and (2) was completed on 4 May 2016, and after such date these transactions will no longer constitute continuing connected transactions of the Company.

Further details regarding the termination of such continuing connected transactions were disclosed in the Company's announcement dated 21 April 2016.

On 4 July 2016, the Company entered into the Fullshare Cairns Termination Agreement with Fullshare Cairns and Fullshare Holdings Australia, pursuant to which the parties agreed to terminate the Fullshare Cairns Service Agreement and the Fullshare Cairns Service Contract (refer to above agreement marked with note (3)) subject to and with effect from the date of completion of the transaction documents.

In addition, on the same date, the Company entered into the Fullshare CUT Termination Agreement with Fullshare CUT and Fullshare Holdings Australia, pursuant to which the parties agreed to terminate the Fullshare CUT Service Agreement and the Fullshare CUT Service Contract (refer to above agreement marked with note (4)) subject to and with effect from the date of completion of the transaction documents, the details of which are set out in paragraph 4 under the sub-section headed "Connected Transactions" above.

The Directors confirm that neither the Company, Fullshare Cairns, Fullshare Holdings Australia nor Fullshare CUT has to pay the other party any penalty and/or compensation as a result of the termination.

The termination of above agreements marked with notes (3) and (4) was completed on 9 November 2016 and after such date, these transactions will no longer constitute continuing connected transactions of the Company.

Further details regarding the termination of such continuing connected transactions were disclosed in the Company's announcement dated 4 July 2016.

3. On 17 August 2015, the Company entered into a master agreement (the "**Master Agreement**") with Nanjing Fullshare Holding, pursuant to which the Company has agreed to provide, or procure its subsidiaries to provide, the green building services to Nanjing Fullshare Holding.

   The proposed annual caps for the transactions contemplated under the Master Agreement for the three financial years ending 31 December 2015, 2016 and 2017 respectively were as follows:

	For the year ending 31 December		
	2015	**2016**	**2017**
	RMB'000	RMB'000	RMB'000
Technical design and consultant services	180,000	151,500	160,000
Green management and services	100,000	137,000	137,500
Green construction services	40,000	41,500	42,500
	320,000	330,000	340,000

   Mr. Ji is interested in approximately 64.48% of the issued share capital in the Company as at 17 August 2015 and is the chairman of the Board, the CEO and an executive Director, therefore Mr. Ji is a connected person of the Company under Chapter 14A of the Listing Rules. Mr. Ji is directly and indirectly interested in an aggregate of approximately 79.74% of the issued share capital of Nanjing Fullshare Holding, and therefore each of Nanjing Fullshare Holding and its subsidiaries is an associate of Mr. Ji and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Master Agreement constitute continuing connected transactions of the Company.

The actual amounts of the transactions under the Master Agreement incurred up to 31 December 2016 are listed below.

	For the year ending 31 December 2016 RMB'000
Technical design and consultant services	36,157
Green management and services	–
Green construction services(1)	–
	36,157

Note (1): After the completion of the Disposal in June 2016, the Group will no longer provide green construction services, but will still provide technical design and consultant services and green management and services.

Further details of such continuing connected transactions were disclosed in the Company's announcement dated 17 August 2015 and the Company's circular dated 13 October 2015.

4. Before the appointment of Mr. Deng as co-CEO of the Company on 17 May 2016, Guangzhou Lastmile Network Technologies Co., Ltd.*（廣州市那些麥兒網絡科技有限公司）("**Guangzhou Lastmile**"), which is owned as to 80% by Mr. Deng, as an independent third party service provider, entered into a marketing services agreement (the "**Marketing Services Agreement**") with the Company's former 51% owned subsidiary, Fudaksu Pte. Ltd. ("**Fudaksu**") on 4 December 2015. As such, upon the appointment of co-CEO, Mr. Deng becomes a connected person of the Company, and the Marketing Services Agreement and the transactions contemplated thereunder will constitute a continuing connected transaction of the Company under the Listing Rules. On 16 May 2016, Fudaksu and Guangzhou Lastmile entered into a supplemental agreement to the Marketing Services Agreement to fix the annual caps and the expiry date as at 31 December 2017 to comply with the Listing Rules requirements.

   The proposed annual caps for the transactions contemplated under the Marketing Services Agreement for the three financial years ending 31 December 2015, 2016 and 2017 were as follows:

	For the year ending 31 December		
	2015	**2016**	**2017**
	RMB'000	RMB'000	RMB'000
Marketing Services Agreement	30,000,000	30,000,000	30,000,000

The actual amounts of the transactions under the Marketing Services Agreement incurred up to 31 December 2016 are RMB1,007,000.

On 29 December 2016, Five Seasons I Limited (a wholly-owned subsidiary of the Company) entered into a sale and purchase agreement with Chinafair Investment Limited (an independent third party) to dispose the 51% equity interest in Fudaksu indirectly held by the Company, therefore, after such disposal, Fudaksu will no longer be the Company's subsidiary and the transactions contemplated under the Marketing Services Agreement will no longer constitute continuing connected transaction of the Company after the completion of the disposal on 29 December 2016.

Opinion from the INEDs and auditor on the continuing connected transaction:

The Directors (including all INEDs) have reviewed the continuing connected transactions and confirmed that these transactions were entered into:

(1) in the ordinary and usual course of business of the Group;

(2) on normal commercial terms or better; and

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

The auditors of the Company have reviewed the continuing connected transactions of the Group during the Year 2016 set out in note 53 to the consolidated financial statements and confirmed that these transactions: (i) were approved by the Board of the Company; (ii) where applicable, in all material respects, were in accordance with the pricing policies of the Company; (iii) had been entered into, in all material respects, and in accordance with the relevant agreements governing the transactions; and (iv) have not exceeded the caps stated in the relevant announcements.

The Company confirms that it has complied with all the disclosure requirements under Chapter 14 and 14A of the Listing Rules.

REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in note 9 and note 10 to the consolidated financial statements attached to this annual report.

* *For identification purpose only*

SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors and the chief executives of the Company, as at 31 December 2016, the following persons (other than a Director or chief executive of the Company) had an interest or a short position in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO:

(i) Long positions in the Shares or underlying Shares

Name of Shareholders	Nature of Interests	Number of issued Shares held	Approximate percentage of the issued share capital of the Company
Magnolia Wealth	Beneficial owner (Note 1)	9,188,860,454	46.58%
Superb Colour Limited (“**Superb Colour**”)	Beneficial owner (Note 2)	1,948,613,450	9.88%
China Huarong International Holdings Limited（中國華融國際控股有限公司）(“**China Huarong International**”) (formerly known as Huarong (HK) International Holdings Limited（華融（香港）國際控股有限公司）)	Interest of controlled Corporation (Note 2)	1,948,613,450	9.88%
Huarong Real Estate Co., Ltd.（華融置業有限責任公司）(“**Huarong Real Estate**”)	Interest of controlled Corporation (Note 2)	1,948,613,450	9.88%
China Huarong Asset Management Co., Ltd.（中國華融資產管理股份有限公司）(“**China Huarong Asset**”)	Interest of controlled Corporation (Note 2)	1,948,613,450	9.88%
Ministry of Finance of the PRC（中華人民共和國財政部）(the “**MFC**”)	Interest of controlled Corporation (Note 2)	1,948,613,450	9.88%

Note:

1. The entire issued share capital of Magnolia Wealth is beneficially owned by Mr. Ji.

2. Reference is made to the disclosure of interest forms dated 21 December 2016 of Superb Colour, published on the Stock Exchange's website. Superb Colour is interested in 1,948,613,450 Shares. Superb Colour is a wholly-owned subsidiary of China Huarong International, which in turn is owned as to 88.1% by Huarong Real Estate. Huarong Real Estate is a wholly-owned subsidiary of China Huarong Asset, a State-owned entity, which in turn is owned as to 63.36% by the MFC. As such, each of China Huarong International, Huarong Real Estate, China Huarong Asset and the MFC is deemed to be interested in the said Shares under the SFO.

(ii) Short positions in the Shares or underlying Shares

Name of Shareholders	Nature of Interests	Number of issued Shares held	Approximate percentage of the issued share capital of the Company
Superb Colour	Beneficial owner (Note)	538,357,500	2.76%
China Huarong International	Corporate interest (Note)	538,357,500	2.76%
Huarong Real Estate	Corporate interest (Note)	538,357,500	2.76%
China Huarong Asset	Corporate interest (Note)	538,357,500	2.76%
The MFC	Ultimate Beneficial owner (Note)	538,357,500	2.76%

Note: Reference is made to the disclosure of interest forms dated 21 December 2016 of Superb Colour, published on the Stock Exchange's website. Super Colour has a short position in 538,357,500 Shares. Superb Colour is interested in 538,357,500 Shares. Superb Colour is a wholly-owned subsidiary of China Huarong International, which in turn is owned as to 88.1% by Huarong Real Estate. Huarong Real Estate is a wholly-owned subsidiary of China Huarong Asset, a State-owned entity, which in turn is owned as to 63.36% by the MFC. As such, each of China Huarong International, Huarong Real Estate, China Huarong Asset and the MFC is deemed to have a short position in the said Shares under the SFO.

Save as disclosed above, no other person (other than a Director or chief executive of the Company) had any interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO as at 31 December 2016.

COMPETING BUSINESS

As disclosed in the circular of the Company dated 28 October 2013 relating to, amongst other things, very substantial acquisition in relation to the acquisition of Nanjing Fullshare Asset Management, a limited liability company incorporated in the PRC on 19 July 2002, which is currently wholly owned by the Company, and reverse takeover involving a new listing application (the "**RTO Circular**"), pursuant to the non-competition undertaking dated 25 October 2013 entered into between the controlling shareholders and the Company (the "**Non-competition Undertaking**"), save for continuing their engagements in the Excluded Projects (as defined in the RTO Circular) and certain exceptions relating to their holding of and/or being interested in shares and other securities in any member of the Group and any other company listed on a recognised stock exchange engaging in the restricted business (please refer to the RTO Circular for details) set out in the Non-competition Undertaking, the controlling shareholders will not be allowed to engage in any residential property (including villas) and mixed-use property (as defined in the section headed Glossary of Technical Terms in the RTO Circular) development business in the PRC, and they will only be involved in the commercial property development business. As at 31 December 2016, the controlling shareholders were engaged in the development of three property projects located in Nanjing, Wenchang and Dujiangyan in the PRC and ten property projects located in Australia and Canada through the Excluded Companies (as defined in the RTO Circular). Nanjing Fullshare Technology, which was an Excluded Company (as defined in the RTO Circular) through which the controlling shareholders engage in an Excluded Project (as defined in the RTO Circular) named 豐盛商滙 (Feng Sheng Shang Hui*), has become an indirect wholly-owned subsidiary of the Group since 19 January 2015. Save for the Non-competition Undertaking, as at 31 December 2016, the controlling shareholders did not give any other Non-competition Undertaking to the Company.

The Company has received the written declarations on their compliance with the undertaking under the Non-competition Undertaking from Mr. Ji and Magnolia Wealth for the year ended 31 December 2016. Based on the confirmations received from Mr. Ji and Magnolia Wealth and after review, our INEDs considered that Mr. Ji and Magnolia Wealth had complied with the terms set out in the Non-competition Undertaking for the year ended 31 December 2016.

Save as disclosed above, as at 31 December 2016, none of the Directors or their respective close associates (as defined in the Listing Rules) had any interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

BUSINESS REVIEW

Overview

The overview is set out in the section headed "Management Discussion and Analysis" of this Annual Report.

Financial key performance indicators

For the Year 2016, the Group's total revenue increased approximately 39% to approximately RMB4,311,423,000 (2015: RMB3,095,611,000). The net profit of the Group in Year 2016 was approximately RMB3,033,005,000 (2015: RMB1,219,922,000).

Revenue from the Group's properties segment in Year 2016 was approximately RMB2,894,843,000, which increased by approximately RMB231,949,000 as more GFA delivered in Year 2016 with higher selling price. The properties segment of the Group includes investment, development and sale of properties and provision of construction related services. Although the properties segment contributed 67% sales of the Group in Year 2016, the new energy segment contributed approximately RMB916,079,000 or 21% to the total revenue of the Group as a result of the acquisition of CHS in December 2016 and the consolidation of CHS's revenue for only one month. On this trend, the new energy segment will become one of the main contributions to the revenue of the Group in the future.

The Group's financial position remained solid. The Group generated positive operating cash inflows for the Year 2016 which amounted to approximately RMB1,085,533,000 the new energy segment (2015: RMB1,206,362,000). The decrease of operating cash inflows in the Year 2016 as compared to that in Year 2015 was mainly attributable to the net impact of: (i) increased in cash outflows for purchasing financial assets held for trading of approximately RMB312,933,000; (ii) increased in income tax paid of approximately RMB115,435,000 and (iii) net increased in cash inflows from newly acquired subsidiaries and other operating activities.

Future Development

The future development is set out in the Prospect section headed in the section "Management Discussion and Analysis" of this Annual Report.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group conducts risk assessment and management measures irregularly to ensure its continuous future development. The Group is highly concerned on those factors that might affect its operation situation, and will take actions to mitigate the potential impact. During the reporting period, the Group established the Risk Management Committee to pay more attention to potential risks and prepared the its risk management plans accordingly. The summary of the Group's principal risks is set out as follows.

(1) Macro-economic environment

In the Year 2016, the GDP growth rate of the PRC decreased from 6.9% to 6.7% due to the slowdown of China economic growth. The Group currently operates real estate business, and holds financial assets for investment purpose in China. Changes in economic environment may result in unfavorable risks to our operating environment. In addition, the overall investment sentiment may also cause price fluctuation to the financial assets held by the Group.

Management response: The Group will continue to pay attention to market conditions and increase its overseas investments as and when appropriate in accordance with its specific risk management policy and prudent investment strategy. The Group would also evaluate the risk associated with and the performance of currently-held financial products and operating businesses from time to time, and adjust the investment portfolio according to actual market situation in order to further enhance the profitability of the Group.

(2) Financial environment

In recent years, commercial banks have tightened their real estate credit policies, especially for residential units in the third and fourth tier cities and commercial real estate in the first and second tier cities. Some banks continue to implementing overall control in amount and name-list management in the real estate industry. The tightening of housing loan policy may increase the costs of housing-purchase and mortgage financing of customers, and eventually affect enterprise capital needs in the Chinese real estate industry.

Management's response: The Government Work Report stated that the monetary policy in 2017 should be prudent and unbiased. The growth rate for board money (M2) and balance of scale of social financing are expected to be around 12%. Monetary policy tools should be used comprehensively to maintain the basic stability of liquidity.

The Group will closely monitor domestic and overseas financial markets, combine equity financing with debt financing, adopt diversified financing methods, and manage the debt assets ratio of the Company to ensure effective control over the financial risk of the Group.

(3) **Policy influence**

As our businesses are mainly concentrated in China, our results performance is affected by the policies in China. In recent years, the Chinese government implemented home-purchase restrictions, adjusted the housing mortgage rate, loan cap and other regulatory measures on real estate markets, which aimed at cracking down speculative real estate investments to further stabilize housing prices.

Management's response: The Group is also paying close attention to the recent regulations and policies. Despite the tightening of policies on real estate markets of over 20 cities in China, the policies and measures in respect of home-purchase restrictions have been loosened as compared with the previous policies and measures. In particular, the down payment proportion for second house in second-tier cities is 30-50%, which was lower than the down payment proportion of 60-70% in 2011 and 2014.

Generally speaking, the industry sources believe that an inventory with a 12-month clearing cycle indicates a healthy supply and demand balance, and it could lead to a steady and gradual increase of housing prices. Currently, the housing inventory in the cities where the Group are located is relatively low. According to the data of China Real Estate Index System, in October 2016, the inventory clearing cycle is 7.9 months for Chongqing and 2.1 months for Nanjing. In the future, the Group will continue to monitor the government policy direction in the real estate market, follow the target-oriented marketing policy and further optimize product quality to enhance the Group's product position and meet demands in the market. The Group will also combine the health and real estate business together and integrate the lifestyle and concept of leisure, vacation and health into real estate development by optimizing its product mix to enhance the comfort level of products and promote product sales. At the same time, the Group will actively expand overseas development to further reduce the possible impact on the Group's results imposed by changing domestic policies.

(4) **Tax law influence**

In recent years, Chinese government determined to take the replacement of business tax with value-added tax to deepen the reform of financial and tax system, and intended to increase the setting-off level in parts of input tax items, and thus will bring a massive tax relief. Such policy may have a positive effect on the tax requirements of the Group's various businesses.

Management's response: The Government Work Report stated the pilot scope of replacement of business tax with value-added tax will expand to the building industry, real estate sector, financial sector, social service sector, and will allow the value-added tax for the purchase of immovable assets for tax deduction to ensure reduction but not increase of tax liabilities of all industries, and the Group will benefit from the reduction of taxes and charges and the revenue will increase thereafter. The Group has actively arranged and organized external and internal trainings regarding the replacement of business tax with value-added tax business and conducted in-depth study of the taxation system. All the current real estate projects have adopted the old items taxation approach, the "replacement of business tax with value-added tax" policy has slightly reduced the taxation of the Company, increased the profit in statements: changed from the former tax included in price with business tax rate of 5% to tax excluded in price with value-added tax rate of 5%. The same real estate payment would result in a decrease of 4.76% in its revenue based statement, a decrease of 0.24% in tax and an increase of 0.24% in profit.

(5) **Market competition**

The real estate market in China is highly competitive. The areas that are in competition include quality, design, brand, cost control and environment ancillary facilities. If the competitors of the Group keep on improving their products, it will bring negative impact to the overall profit performance of the Group.

Management's response: By leveraging on our extensive experience on real estate development, healthcare sector and green building service, the Group strives to continue improving its products quality and cost control. The Group expects that at the current industry consolidation stage, through improving product and service quality, the Group can better enhance the market demand for the products and services of the Group.

(6) **Investment concentration risk**

The investment segment of the Group mainly involved holding shares in various listed companies in Hong Kong, of which the shares of a company were valued at approximately RMB5.1 billion, representing nearly 20% of the Group's net assets. As such, the price change of such shares may generate a significant impact on the investment segment and the Group's overall profit performance.

Management's response: The Group will closely monitor the operation situation and the change in price of the company in which it holds the shares, and will adjust promptly the proportion of investment portfolio. At the same time, the Group will also actively consider the investment targets and products which are beneficial to the Group to reduce the risks arising therefrom.

(7) **Changes in exchange rates**

The current operating currency of the Group is RMB, but the financial assets held are mainly denominated in Hong Kong dollars. The Group will consider investing financial assets in currencies other than RMB in the future, hence, the respective assets value may be affected due to changes in exchange rates. If there is a significant depreciation in exchange rate in currencies other than RMB, the value of financial assets held by the Group will decrease and reduce the profitability in the investment segment.

Management's response: The Government Work Report stated that it will adhere to the reform direction of exchange rates marketization this year, maintain the stable position of RMB in the global currency system. The Group will keep track of the PRC's government monetary policies and global economic changes, evaluate the impact of exchange rate to the Group and closely monitor the financial instruments on the market that could hedge exchange rate exposure and lower the impact of exchange rate fluctuation on the Group.

Key Relationships

(i) Employees

Human resources are regarded as irreplaceable capital of the Group, therefore the Group places great emphasis on the development and training of employees. The Group provides a relaxed work environment and enterprise atmosphere for its employees and builds a platform for them to achieve a success in career, thereby enable them to grow together with the Group. “Creating together with sharing” is the objective which the Company is always adhering to, and the Company has helped all its employees to achieve their value and come true.

The Company is committed to building a positive and healthy working environment, organising a variety of team activities. By integrating sports activities into various team activities the Company is leading an active and healthy lifestyle, embodying fully the health concept of ”Fullshare being belonging to us and health being belonging to oneself”, and steadfastly become a practitioner of a healthy lifestyle. At the same time, the Group provides various training opportunities and a better development platform for its employees, motivates at the most its employees to achieve their self-value and provides a broad career stage and development room for all its employee.

In addition, the Group provides competitive remuneration and comprehensive fringe benefits to its employees, giving monetary and spirit reward, to those employees who have made outstanding contributions.

(ii) Suppliers

We have established long-term cooperation relationship with a number of suppliers, strive to ensure that they are in compliance with our undertaking on quality and ethics. We require the suppliers to observe our undertaking on integrity. We have stringent requirements in suppliers selection and that they must satisfy the qualification requirements in qualification, capital, performance, etc. and pass our examination at different levels before entering into our qualified suppliers list.

(iii) Customers

Our diversified products target at different customer bases. From design to emergence of ultimate products, we always consider the demand of our customers. Be it the emerging enterprises, parvenus who need social circles or consumers who focus on shopping experience, they can find strong resonance from our company products. Due to our marketing methods in focusing on the widespread and subdivided channels, we can access to the most accurate population more easily. Through on-site exhibition, we enable each customer to clearly learn about the different complex are brought, thereby achieving a win-win situation in sales.

Environmental Policies

We are committed to building an environmentally-friendly corporation that pays close attention to conserving natural resources. We strive to minimize our environmental impact by saving electricity and encouraging recycle of office supplies and other materials.

Compliance with Laws and Regulations

The Group's operations are mainly carried out by the Company's subsidiaries in the mainland China while the Company itself is listed on the Stock Exchange. Our establishment and operations accordingly shall comply with relevant laws and regulations in the mainland China and Hong Kong. During the year ended 31 December 2016 and up to the date of this report, we have complied with all the relevant laws and regulations in the mainland China and Hong Kong.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

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

DONATION

During the Year 2016, the Group made a sponsorship of HK$20,000 towards the New Territories Walk hosted by The Community Chest in March 2016, the details of which have been set out in the sub-paragraph headed "Staff Treated Well; Be People-oriented" under the section headed "Business Overview" of the "2016 Environmental, Social and Governance Report" in this annual report.

PRE-EMPTIVE RIGHTS

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

RETIREMENT BENEFITS SCHEME

Details of the retirement benefits scheme maintained by the Group are set out in note 2 and note 7 to the consolidated financial statements attached to this annual report.

SUFFICIENCY OF PUBLIC FLOAT

To the best knowledge of the Directors and based on information publicly available to the Company, there was a sufficient public float throughout the year ended 31 December 2016 and as at the latest practicable date prior to the issue of this annual report.

SUBSEQUENT EVENTS

Details of the subsequent events are set out in note 57 to the consolidated financial statements attached to this annual report.

AUDITORS

Messrs. PKF, who acted as auditors of the Company for the preceding years, retired as auditors of the Company on 19 September 2013. SHINEWING (HK) CPA Limited ("**SHINEWING**") was appointed as auditors on 19 September 2013 to fill the causal vacancy.

After careful consideration and taking into account various factors (including the available internal resources corresponding to the current working process), SHINEWING resigned as auditors of the Group with effect from 31 May 2016. An ordinary resolution to appoint E&Y as auditors of the Company to fill the causal vacancy was approved by the Shareholders of the Company at the extraordinary general meeting of the Company held on 27 June 2016.

The consolidated financial statements for the year ended 31 December 2016 have been audited by E&Y, who shall retire and, being eligible, offer themselves for reappointment. A resolution for the re-appointment of E&Y as auditor of the Company is to be proposed at the forthcoming AGM.

On behalf of the Board
Ji Changqun
Chairman

Hong Kong
30 March 2017

Independent Auditor's Report

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Independent auditor's report
To the shareholders of Fullshare Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Fullshare Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 118 to 272, which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	**How our audit addressed the key audit matter**
Business combinations not under common control	
For the year ended 31 December 2016, the Group acquired several subsidiaries from third parties as disclosed in note 46 to the consolidated financial statements. When applying the acquisition accounting, the Group was required to perform a purchase price allocation for these newly acquired subsidiaries which involved the determination of the fair values of the identifiable assets and liabilities, including newly identified intangible assets. Such process was complex and involved significant judgements. Assisted by its external valuation specialists, the Group adopted various approaches for the determination of the fair values of different types of identifiable assets and liabilities of the investees. The process involved a number of assumptions such as the discount rate, the growth rate and estimated selling prices of properties. Up to the date of approval of these consolidated financial statements, management completed the purchase price allocation for the acquisition of Five Seasons IX Limited and Nanjing Deying Property Limited. The initial accounting for the remaining acquisitions occurred during the year ended 31 December 2016 was determined provisionally in the consolidated financial statements as the corresponding valuations had not been completed. The significant accounting judgements and estimates and disclosures about the business combination not under common control are set out in notes 3 and 46 to the consolidated financial statements.	Our procedures to assess the respective purchase price allocation included: i) We reviewed the appraisal reports prepared by the external valuation specialists; ii) We evaluated the competency and objectivity of the external appraisers engaged by the Group; iii) We assessed the identification of assets and liabilities based on our understanding of the business of the investees and discussion with management; iv) We checked the estimated selling prices of properties used for the valuation against market prices for similar properties; v) We checked the forecasts prepared by management by discussing the rationale of key assumptions with management and checking orders on hand on a sample basis; and vi) We involved our internal valuation specialist to review the methodology and certain assumptions (such as discount rates and growth rates) adopted for the determination of fair values of identifiable assets or liabilities of the investees.

Key audit matter	How our audit addressed the key audit matter
Evaluation of goodwill impairment	
As at 31 December 2016, the Group recognised goodwill of RMB1,574 million in the consolidated financial statements, representing 3.26% of the total assets of the Group. Under Hong Kong Accounting Standards ("**HKAS**") 36 *Impairment of Assets*, the Group is required to perform goodwill impairment assessment both annually and whenever there is an indication that a cash-generating unit to which goodwill has been allocated may be impaired. The process of goodwill impairment assessment was complex and involved significant judgements and estimates which included assumptions such as expected future market and economic conditions. The significant accounting judgements and estimates and disclosures for goodwill impairment testing are set out in notes 3 and 17 to the consolidated financial statements.	We examined the Group's cash flow forecasts prepared by management for goodwill impairment and tested the basis of preparation taking into account the accuracy of previous forecasts and the historic evidence supporting underlying assumptions. We reviewed management's estimation about future cash flows by comparing with orders on hand, framework agreements signed and external market research. We also involved our internal valuation specialist to review the methodology and certain assumptions (such as the discount rate and growth rate) adopted on the evaluation of goodwill impairment. We reviewed management's assessment of the sensitivity of the Group's impairment model to reasonably possible changes and considered the adequacy of disclosures for goodwill impairment testing in the consolidated financial statements.
Impairment on trade and bills receivables	
As at 31 December 2016, the Group had net trade and bills receivables, of approximately RMB7,282 million, after an allowance for impairment of approximately RMB31 million. The Group makes allowances for bad and doubtful debts based on an assessment of the recoverability of trade and bills receivables. Allowances are applied to trade and bills receivables where events or changes in circumstances indicate that the balances may not be collectible. We identified the impairment of trade and bills receivables as a key audit matter because the carrying amount of trade and bills receivables are significant and the identification of bad and doubtful debts requires significant management judgements and estimates. The significant accounting judgements and estimates and disclosures for the recognition of impairment of trade and bills receivables are included in notes 3 and 26 to the consolidated financial statements.	We evaluated the design and implementation of management's controls over assessment of recoverability of trade and bills receivables and making provisions. We sent trade receivable and bills receivable confirmations and checked bank receipts for the payment received subsequent to the end of the current financial year on a sampling basis. We assessed the assumptions used to calculate the impairment provision for trade and bills receivables by checking the ageing of receivables. We also tested aged balances where no provision was recognised for any indicators of impairment by reviewing payments received since the end of the current financial year, historical payment patterns and, if information available, the financial ability of customers.

Key audit matter	How our audit addressed the key audit matter
Net realisable value of inventories	
As at 31 December 2016, the Group held inventories of approximately RMB2,645 million at the lower of the cost and net realisable value. We identified the determination of net realisable value of inventories as a key audit matter because the carrying amount of inventories is significant and the calculation of inventories' net realisable value requires significant management estimation based on future market demands and estimated selling prices. The significant accounting judgements and estimates and the balance of inventories are disclosed in notes 3 and 24 to the consolidated financial statements.	We evaluated the design and implementation of management's controls over assessment of the net realisable values of inventories. We obtained an understanding of the Group's inventory provision policy and checked the calculation of the inventory provision based on the Group's policy. We evaluated management's assumptions used to calculate the provision by checking the ageing of inventories, subsequent sales and usage of inventories on a sampling basis. We have also checked the subsequent selling prices to the sales orders and invoices on a sampling basis.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the Management Discussion and Analysis of the Annual Report (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Chairman's Statement, the 2016 Environmental, Social and Governance Report, the Corporate Governance Report and the Report of the Directors, which are expected to be made available to us after that date.

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 on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the Chairman's Statement, the 2016 Environmental, Social and Governance Report, the Corporate Governance Report and the Report of the Directors, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Audit Committee.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities 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. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement 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 Lawrence K. W. Lau.

Ernst & Young
Certified Public Accountants
Hong Kong
30 March 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2016

	Notes	2016 RMB'000	2015 RMB'000 (Restated)
REVENUE	6	**4,311,423**	3,095,611
Cost of sales		**(3,439,428)**	(2,708,273)
Gross profit		**871,995**	387,338
Fair value change in financial instruments	5	**3,361,459**	621,095
Other income and gains/losses, net	6	**238,490**	142,408
Selling and distribution expenses		**(228,803)**	(136,441)
Administrative expenses		**(511,452)**	(168,346)
Finance costs	8	**(89,996)**	(104,641)
Change in fair value of properties held for sale transferred to investment properties		**–**	147,464
Gain on disposal of subsidiaries, net	48	**98,502**	194,047
Gain on a bargain purchase	46(b)&(e)	**3,752**	363,428
Share of profits and losses of:			
Joint ventures	19	**(7)**	–
Associates	20	**5,501**	–
PROFIT BEFORE TAX	7	**3,749,441**	1,446,352
Income tax expense	11	**(716,436)**	(226,430)
PROFIT FOR THE YEAR		**3,033,005**	1,219,922
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Available-for-sale investments changes in fair value		**292,793**	–
Income tax effect on change in fair value		**(73,198)**	–
		219,595	–
Exchange differences on translation of foreign operations		**214,478**	26,258
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**434,073**	26,258
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**3,467,078**	1,246,180

	Note	2016 RMB'000	2015 RMB'000 (Restated)
Profit/(loss) attributable to:			
Owners of the parent		**3,105,196**	1,217,827
Non-controlling interests		**(72,191)**	2,095
		3,033,005	1,219,922
Total comprehensive income/(loss) attributable to:			
Owners of the parent		**3,482,628**	1,244,085
Non-controlling interests		**(15,550)**	2,095
		3,467,078	1,246,180
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	13		
Basic and diluted		**RMB19.15 cents**	RMB8.69 cents

Consolidated Statement of Financial Position

31 December 2016

	Notes	**31 December 2016 RMB'000**	31 December 2015 RMB'000 (Restated)	1 January 2015 RMB'000 (Restated)
Non-current assets				
Property, plant and equipment	14	**6,565,282**	362,055	345,574
Investment properties	15	**2,765,354**	330,600	5,600
Prepaid land lease payments	16	**1,386,939**	1,661	1,699
Goodwill	17	**1,573,910**	1,474	1,474
Other intangible assets	18	**852,806**	4,169	–
Investments in joint ventures	19	**1,907,275**	4,900	–
Investments in associates	20	**1,802,355**	–	–
Available-for-sale investments	21	**1,070,090**	–	–
Loan receivable	22	**399,400**	–	350,000
Trade receivables	26	**11,057**	12,726	40,046
Financial assets designated as at fair value through profit or loss	29	**526,351**	10,419	–
Prepayments, deposits and other receivables	27	**746,656**	54,512	27,686
Deferred tax assets	42	**210,070**	28,043	25,562
Total non-current assets		**19,817,545**	810,559	797,641
Current assets				
Deposits paid for potential acquisitions	23	**33,897**	360,000	50,000
Inventories	24	**2,645,111**	129,079	118,235
Construction contracts	25	**–**	40,549	20,801
Prepaid land lease payments	16	**30,211**	38	–
Trade and bills receivables	26	**7,270,482**	262,993	77,275
Consideration receivable		**105,947**	1,349,936	–
Loan receivables	22	**328,816**	–	–
Prepayments, deposits and other receivables	27	**2,754,684**	212,032	462,220
Tax prepaid	27	**41,097**	16,213	30,638
Financial assets held for trading	28	**5,537,114**	1,598,115	30,024
Structured bank deposits	32	**739,000**	–	–
Properties under development	30	**1,471,003**	2,379,083	2,540,309
Properties held for sale	31	**1,073,868**	933,536	504,516
Pledged bank deposits	32	**2,581,830**	33,682	16,719
Cash and cash equivalents	32	**3,864,068**	1,240,551	368,509
Total current assets		**28,477,128**	8,555,807	4,219,246

	Notes	31 December 2016 RMB'000	31 December 2015 RMB'000 (Restated)	1 January 2015 RMB'000 (Restated)
Current liabilities				
Trade and bills payables	33	**6,870,880**	501,956	217,430
Other payables and accruals	34	**2,022,911**	671,299	304,903
Receipts in advance and deposits received	35	**1,421,363**	1,303,738	614,215
Dividend payable		**9,545**	9,545	–
Acquisition consideration payables		**–**	–	156,000
Convertible bonds	38	**23,681**	–	–
Bank and other borrowings	37	**6,225,935**	814,355	994,847
Taxation payable		**660,867**	175,206	157,535
Warranty provision	41	**104,197**	1,475	–
Obligations under finance leases	40	**7,007**	–	–
Deferred income	36	**10,453**	439	1,630
Total current liabilities		**17,356,839**	3,478,013	2,446,560
NET CURRENT ASSETS		**11,120,289**	5,077,794	1,772,686
TOTAL ASSETS LESS CURRENT LIABILITIES		**30,937,834**	5,888,353	2,570,327

Consolidated Statement of Financial Position (Continued)

31 December 2016

	Notes	31 December 2016 RMB'000	31 December 2015 RMB'000 (Restated)	1 January 2015 RMB'000 (Restated)
Non-current liabilities				
Corporate bonds	39	**8,387**	7,743	7,089
Acquisition consideration payables		**–**	21,058	43,758
Bank and other borrowings	37	**2,749,983**	162,915	3,045
Deferred tax liabilities	42	**1,907,171**	378,401	23,981
Deferred income	36	**93,740**	–	–
Total non-current liabilities		**4,759,281**	570,117	77,873
Net assets		**26,178,553**	5,318,236	2,492,454
Equity				
Equity attributable to owners of the parent				
Share capital	43	**161,084**	124,942	107,930
Equity reserve	44	**422,833**	422,833	422,833
Reserves	44	**21,972,779**	4,534,225	1,718,647
		22,556,696	5,082,000	2,249,410
Non-controlling interests		**3,621,857**	236,236	243,044
Total equity		**26,178,553**	5,318,236	2,492,454

Ji Changqun
Director

Shi Zhiqiang
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2016

		Attributable to owners of the Parent												
	Notes	Share capital RMB'000 (note 43)	Equity reserve RMB'000 (note 44(a))	Share premium reserve* RMB'000	Statutory surplus reserve* RMB'000 (note 44(b))	Merger reserve* RMB'000 (note 44(c))	Other reserve* RMB'000 (note 44(d))	Investment revaluation reserve* RMB'000	Reverse acquisition reserve* RMB'000	Exchange fluctuation reserve* RMB'000	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 31 December 2014 as originally stated		107,930	422,833	618,725	50,322	733,852	8,533	–	(390,381)	–	408,315	1,960,129	208,718	2,168,847
Effect of adopting merger accounting for common control combinations		–	–	–	–	328,895	7,322	–	–	484	(47,420)	289,281	34,326	323,607
At 1 January 2015, as restated		107,930	422,833	618,725	50,322	1,062,747	15,855	–	(390,381)	484	360,895	2,249,410	243,044	2,492,454
Profit for the year		–	–	–	–	–	–	–	–	–	1,217,827	1,217,827	2,095	1,219,922
Other comprehensive income for the year:		–	–	–	–	–	–	–	–	–	–	–	–	–
Exchange differences related to foreign operations		–	–	–	–	–	–	–	–	26,258	–	26,258	–	26,258
Total comprehensive income for the year		–	–	–	–	–	–	–	–	26,258	1,217,827	1,244,085	2,095	1,246,180
Acquisition of subsidiaries	46 (f) & 47(g)	13,239	–	2,112,523	–	–	(485,080)	–	–	–	–	1,640,682	86,854	1,727,536
Contribution from the then shareholder		–	–	–	–	54,315	–	–	–	–	–	54,315	–	54,315
Considerations paid for acquisition of subsidiaries under common control		–	–	–	–	(695,000)	–	–	–	–	–	(695,000)	–	(695,000)
Disposal of subsidiaries	48 (e) & (f)	–	–	–	(24,130)	–	(8,533)	–	–	–	32,663	–	(86,210)	(86,210)
Dividends paid to non-controlling shareholders		–	–	–	–	–	–	–	–	–	–	–	(9,547)	(9,547)
Issue of shares	43	3,773	–	584,925	–	–	–	–	–	–	–	588,698	–	588,698
Transfer from retained profits		–	–	–	85,558	–	–	–	–	–	(85,558)	–	–	–
Others		–	–	(190)	–	–	–	–	–	–	–	(190)	–	(190)
At 31 December 2015		124,942	422,833	3,315,983	111,750	422,062	(477,758)	–	(390,381)	26,742	1,525,827	5,082,000	236,236	5,318,236
At 31 December 2015 as originally stated		124,942	422,833	3,315,983	111,750	38,852	(485,080)	–	(390,381)	26,511	1,592,927	4,758,337	201,300	4,959,637
Effect of adopting merger accounting for common control combinations		–	–	–	–	383,210	7,322	–	–	231	(67,100)	323,663	34,936	358,599
At 1 January 2016, as restated		124,942	422,833	3,315,983	111,750	422,062	(477,758)	–	(390,381)	26,742	1,525,827	5,082,000	236,236	5,318,236
Profit for the year		–	–	–	–	–	–	–	–	–	3,105,196	3,105,196	(72,191)	3,033,005
Other comprehensive income for the year:														
Change in fair value of available– for-sale investments, net of tax		–	–	–	–	–	–	162,954	–	–	–	162,954	56,641	219,595
Exchange differences related to foreign operations		–	–	–	–	–	–	–	–	214,478	–	214,478	–	214,478
Total comprehensive income/(loss) for the year		–	–	–	–	–	–	162,954	–	214,478	3,105,196	3,482,628	(15,550)	3,467,078
Acquisition of subsidiaries not under common control	46 (b),(c)&(d)	30,094	–	12,275,000	–	–	–	–	–	–	–	12,305,094	3,344,241	15,649,335
Contribution from the then shareholder		–	–	–	–	155,254	–	–	–	–	–	155,254	–	155,254
Considerations paid for acquisition of subsidiaries under common control		–	–	–	–	(567,581)	–	–	–	–	–	(567,581)	–	(567,581)
Acquisition of an associate		1,017	–	341,609	–	–	–	–	–	–	–	342,626	–	342,626
Investments in subsidiaries		–	–	–	–	–	(53,352)	–	–	–	–	(53,352)	53,352	–
Disposal of subsidiaries	48 (a),(b)&(d)	–	–	–	(3,075)	(16,500)	53,352	–	–	(3,713)	19,575	49,639	3,578	53,217
Final 2015 dividend declared		–	–	(156,381)	–	–	–	–	–	–	–	(156,381)	–	(156,381)
Placing of shares	43	4,640	–	1,718,977	–	–	–	–	–	–	–	1,723,617	–	1,723,617
Issue of shares upon conversion of convertible bonds	38	391	–	172,911	–	–	–	–	–	–	–	173,302	–	173,302
Shareholders contribution		–	–	–	–	–	19,850	–	–	–	–	19,850	–	19,850
Transfer from retained profits		–	–	–	136,838	–	–	–	–	–	(136,838)	–	–	–
At 31 December 2016		**161,084**	**422,833**	**17,668,099**	**245,513**	**(6,765)**	**(457,908)**	**162,954**	**(390,381)**	**237,507**	**4,513,760**	**22,556,696**	**3,621,857**	**26,178,553**

* These reserve accounts comprise the consolidated reserves of RMB21,972,779,000 (2015: RMB4,534,225,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2016

	Notes	2016 RMB'000	2015 RMB'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax:		**3,749,441**	1,446,352
Adjustments for:			
Finance costs	8	**89,996**	104,641
Share of profits and losses of joint ventures and associates		**(5,494)**	–
Gain on a bargain purchase recognised in acquisition of subsidiaries		**(3,752)**	(363,428)
Interest income		**(96,123)**	(93,046)
Gain on disposal of items of property, plant and equipment		**(4,874)**	(14,048)
Gain on disposal of a subsidiary		**(98,502)**	(194,047)
Loss on liquidation of an associate		**5,392**	–
Investment income	6	**(24,037)**	–
Fair value gains, net:			
Fair value change in financial instruments	5	**(3,361,459)**	(621,095)
Fair value change in investment properties	6	**–**	(8,000)
Properties held for sale transferred to investment properties		**–**	(147,464)
Depreciation	14	**151,851**	22,693
Provision for trade receivables	26	**2,098**	5,779
Release of prepaid land lease payments	16	**2,560**	38
Amortisation of patents and technology	18	**3,383**	57
Amortisation of deferred development costs	18	**2,398**	–
Amortisation of customer relationship	18	**4,333**	–
Written back of other payables		**–**	(1,268)
Release of deferred income		**(311)**	–
Exchange (losses)/gains		**(44,187)**	1,247
Increase in properties under development	30	**(1,205,514)**	(1,315,348)
Decrease in properties held for sale		**2,009,357**	2,240,329
Decrease/(increase) in inventories		**442,912**	(10,844)
Increase in construction contracts		**(83,458)**	(19,748)
Increase in financial assets held for trading		**(395,363)**	(82,430)
Decrease/(increase) in trade, bills and other receivables, prepayments and deposits		**540,224**	(1,361)
Increase/(decrease) in trade and other payables, receipts in advance and deposits roceived		**(328,226)**	504,711
Decrease in deferred income		**(312)**	(1,191)
Increase in provision for product warranties		**1,599**	1,475
Cash generated from operations		**1,353,932**	1,454,004
Interest received		**5,466**	7,058
Interest paid		**–**	(96,270)
Income taxes paid		**(273,865)**	(158,430)
Net cash flows from operating activities		**1,085,533**	1,206,362

	Notes	2016 RMB'000	2015 RMB'000 (Restated)
Net cash flows from operating activities		**1,085,533**	1,206,362
CASH FLOWS FROM INVESTING ACTIVITIES			
Placement/withdrawal of pledged bank deposits		**166,936**	11,947
Purchases of available-for-sale investments		**(600,000)**	–
Interest received		**90,657**	22,371
Investments in structured bank deposits		**(739,000)**	–
Proceeds from disposal of available-for-sale investments		**737,878**	–
Purchases of items of property, plant and equipment		**(522,717)**	(37,866)
Proceeds from disposal of items of property, plant and equipment		**56,735**	31,300
Purchase of investment properties		**(302,754)**	–
Receipt of government grants		**5,739**	22,000
Additions to other intangible assets	18	**(27,540)**	(4,226)
Acquisition of subsidiaries	46	**2,710,272**	(351,659)
Payments for business combinations under common control	47	**(567,581)**	(695,000)
Disposal of subsidiaries	48	**264,704**	913,877
Receipt of consideration receivable		**1,349,936**	–
Investments in joint ventures		**(1,800,001)**	(4,900)
Investments in associates		**(1,255,188)**	–
Additions of prepaid land lease payments		**(2,382)**	–
Proceeds from liquidation of an associate		**4,480**	–
Acquisition of financial assets designated as at fair value through profit or loss		**(500,000)**	(10,000)
Proceeds from disposal of financial assets designated as at fair value through profit or loss		**–**	30,024
Repayment of acquisition consideration payable		**(21,058)**	(183,000)
Withdrawal of structured bank deposits		**10,000**	–
Refund of a paid deposit for potential acquisition		**360,000**	–
Payment of deposit for potential acquisition		**(33,897)**	(360,000)
Loan receivable granted		**(1,646,800)**	–
Repayment of loan receivables and other receivables		**1,797,000**	350,000
Net cash flows used in investing activities		**(464,581)**	(265,132)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	43	**1,723,617**	588,698
Repayments to shareholders		**–**	(8,815)
Share issue expenses	43	**–**	(190)
Proceeds from issue of convertible bonds	38	**161,581**	–
New bank and other borrowings		**2,269,541**	2,879,360
Repayment of bank and other borrowings		**(1,848,286)**	(3,526,386)
Dividends paid		**(156,381)**	–
Repayment of finance lease payables		**(7,181)**	–
Interest paid		**(123,762)**	(6,692)
Net cash flows from/(used) in financing activities		**2,019,129**	(74,025)

Consolidated Statement of Cash Flows (Continued)

Year ended 31 December 2016

	Notes	2016 RMB'000	2015 RMB'000 (Restated)
NET INCREASE IN CASH AND CASH EQUIVALENTS		2,640,081	867,205
Cash and cash equivalents at beginning of year		1,240,551	368,509
Effect of foreign exchange rate changes, net		(16,564)	4,837
CASH AND CASH EQUIVALENTS AT END OF YEAR		3,864,068	1,240,551
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		3,864,068	1,240,551
Cash and cash equivalents as stated in the consoldiated statement of financial position		3,864,068	1,240,551
Cash and cash equivalents as stated in the consolidated statement of cash flows		3,864,068	1,240,551

1. CORPORATE AND GROUP INFORMATION

Fullshare Holdings Limited (the "**Company**") was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law (2007 Revised) of the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

During the year, the Company and its subsidiaries (collectively referred to as the "**Group**") were involved in the following principal activities:

- Property development and investment
- Tourism (new in 2016)
- Investment
- Provision of healthcare products and services
- New energy business (new in 2016)

In the opinion of the directors of the Company, the holding company and the ultimate holding company of the Company is Magnolia Wealth International Limited ("**Magnolia**"), which is incorporated in the British Virgin Islands ("**BVI**") with limited liability.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
China High Speed Transmission Equipment Group Co., Ltd. ("**CHS**")**	Cayman Islands/ Mainland China	US$16,352,916	–	74	Manufacture and sale of gear products
Rich Unicorn Holdings Limited#	BVI	US$94,018,997	100	–	Investment holding
Nanjing Fullshare Property Dazu Technology Company Limited#@	People's Republic of China ("**PRC**")/ Mainland China	RMB300,000,000	–	100	Real estate development and investment
Nanjing Tianyun Real Estate Development Company Limited#@	PRC/Mainland China	RMB865,000,000	–	80	Property development
Jiangsu Anjiali Zhiye Company Limited#@	PRC/Mainland China	RMB350,000,000	–	100	Property development

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Shenzhen Anke High-Tech Company Limited ("**Shenzhen Anke**")*#@	PRC/Mainland China	RMB114,300,000	–	72	Medical equipment assembly and sale
Five Seasons VI Pty Limited#	Australia	AU$100	100	–	Tourism

* During the year, the Group acquired approximately 72% equity interest in Shenzhen Anke High-Tech Company Limited from Mr.Ji Changqun ("**Mr. Ji**"), the controlling shareholder of the Company, and an entity controlled by Mr. Ji. Further details of this acquisition are set out in note 47(a) to the consolidated financial statements.

** During the year, the Group acquired approximately 74% equity interest in CHS (listed on the Stock Exchange of Hong Kong Limited ("**Hong Kong Stock Exchange**" or "**HKEX**")) from a major shareholder of CHS and the public by a voluntary conditional share exchange offer. Further details of this acquisition are set out in note 46(c) to the consolidated financial statements.

Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

@ Domestic enterprise established in the PRC.

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, derivative financial instruments and certain equity or equity linked investments, which have been measured at fair value. These financial statements are presented in Renminbi and all values are rounded to the nearest thousand except when otherwise indicated.

Adoption of merger accounting and restatement

As disclosed in note 47 to the consolidated financial statements, several business combinations under common control were effected during the years ended 31 December 2015 and 2016, where the subsidiaries acquired under these business combinations and the Company are both ultimately controlled by Mr. Ji. These business combinations have been accounted for using the principles of merger accounting. The consolidated financial statements include the financial statements items of the combining entities or businesses in which the common control combinations occur as if the combinations had occurred from the date when the combining entities first came under the control of the controlling party.

2.1 BASIS OF PREPARATION *(continued)*

Adoption of merger accounting and restatement *(continued)*

The net assets of the combining entities are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combinations, to the extent of the continuation of the controlling party's interest. The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where this is a shorter period, regardless of the date of the common control combinations.

The comparative amounts in the consolidated financial statements are restated as if the entities had been combined at the beginning of the previous reporting period or when they first came under common control, whichever is later. The impact on the Group arising from the common control combinations is disclosed in note 47 to the consolidated financial statements.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2016. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2.1 BASIS OF PREPARATION *(continued)*

Basis of consolidation *(continued)*

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
HKFRS 14	*Regulatory Deferral Accounts*
Amendments to HKAS 1	*Disclosure Initiative*
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statement*
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

Except for the amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011), amendments to HKFRS 11, HKFRS 14, amendments to HKAS 16 and HKAS 41, amendments to HKAS 27 (2011), and the *Annual Improvements 2012-2014 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the amendments are described below:

(a) Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

(i) the materiality requirements in HKAS 1;

(ii) that specific line items in the statement of profit or loss and other comprehensive income and the statement of financial position may be disaggregated;

(iii) that entities have flexibility as to the order in which they present the notes to financial statements; and

(iv) that the share of other comprehensive income of joint ventures and associates accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss and other comprehensive income. The amendments have had no significant impact on the Group's financial statements.

(b) Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are applied prospectively. The amendments have had no impact on the financial position or performance of the Group as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The new and revised standards that are issued, but not yet effective are described below. The Group intends to adopt these new and revised standards, if applicable, when they become effective.

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*[2]
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*[2]
HKFRS 9	*Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*[2]
HKFRS 16	*Leases*[3]
Amendments to HKAS 7	*Disclosure Initiative*[1]
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*[1]
Annual Improvements 2014-2016 Cycle	Amendments to the following three Standards • *HKFRS 12 Disclosure of Interests in Other Entities*[1] • *HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards*[2] • *HKAS 28 Investments in Associates and Joint Ventures*[2]

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019
4 No mandatory effective date yet determined but available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. During 2016, the Group performed a high-level assessment of the impact of the adoption of HKFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future. The expected impacts arising from the adoption of HKFRS 9 are summarised as follows:

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

(a) Classification and measurement

The Group does not expect that the adoption of HKFRS 9 will have a significant impact on the classification and measurement of its financial assets. It expects to continue measuring at fair value all financial assets currently held at fair value. Equity investments currently held as available for sale will be measured at fair value through other comprehensive income as the investments are intended to be held for the foreseeable future and the Group expects to apply the option to present fair value changes in other comprehensive income. Gains and losses recorded in other comprehensive income for the equity investments cannot be recycled to profit or loss when the investments are derecognised.

(b) Impairment

HKFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its trade and other receivables and loan receivable. The Group will perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements, for estimation of expected credit losses on its trade and other receivables and loan receivable upon the adoption of HKFRS 9.

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In June 2016, the HKICPA issued amendments to HKFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt HKFRS 15 and decrease the cost and complexity of applying the standard. The Group expects to adopt HKFRS 15 on 1 January 2018. During the year ended 31 December 2016, the Group performed a preliminary assessment on the impact of the adoption of HKFRS 15.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

The Group's principal activities consist of property development and investment, tourist operation, investment, provision of healthcare products and services and new energy business. The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments will result in additional disclosure to be provided in the financial statements. The Group expects to adopt the amendments from 1 January 2017.

Amendments to HKAS 12 were issued with the purpose of addressing the recognition of deferred tax assets for unrealised losses related to debt instruments measured at fair value, although they also have a broader application for other situations. The amendments clarify that an entity, when assessing whether taxable profits will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The Group expects to adopt the amendments from 1 January 2017.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in joint ventures or associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments in joint ventures or associates *(continued)*

The Group's investments in joint ventures or associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and other comprehensive income of joint ventures or associates is included in consolidated profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the joint venture or associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the joint ventures or associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of joint ventures or associates is included as part of the Group's investments in joint ventures or associates.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture or associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in a joint venture or an associate is classified as held for sale, it is accounted for in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations and goodwill *(continued)*

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Fair value measurement

The Group measures its investment properties, certain derivative financial instruments and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	–	based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, construction contract assets, financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Related parties *(continued)*

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is a joint venture or an associate of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment and depreciation *(continued)*

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Freehold land	Not depreciated
Buildings	2% to 7%
Hotel properties	4%
Plant and machinery	6% to 20%
Furniture and fixtures	10% to 33%
Motor vehicles and others	9% to 33%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investment properties *(continued)*

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under "Property, plant and equipment and depreciation" above. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in profit or loss.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Patents and technology

Purchased patents and technology are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 5 to 15 years.

Customer relationship

Customer relationship is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 10 years.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Intangible assets (other than goodwill) *(continued)*

Research and development costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred. Deferred development costs are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 5 years, commencing from the date when the products are put into commercial production.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as finance costs in profit or loss.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated as at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets *(continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in profit or loss. The loss arising from impairment is recognised in profit or loss in finance costs for loans and in other expenses for receivables.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the investment revaluation reserve to profit or loss in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in profit or loss as other income in accordance with the policies set out for “Revenue recognition” below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets *(continued)*

Available-for-sale financial investments *(continued)*

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets

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. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified 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 yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in profit or loss.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, 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 discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets *(continued)*

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is removed from other comprehensive income and recognised in profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss – is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. Impairment losses on debt instruments are reversed through profit or loss if the subsequent increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings as appropriate.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial liabilities *(continued)*

Initial recognition and measurement *(continued)*

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables and accruals, dividend payables, acquisition consideration payables, bank and other borrowings, corporate bonds and convertible bonds.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial liabilities *(continued)*

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Convertible bonds

If the conversion option of convertible bonds exhibits characteristics of an embedded derivative, it is separated from its liability component. On initial recognition, the derivative component of the convertible bonds is measured at fair value and presented as part of derivative financial instruments. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the liability component. Transaction costs are apportioned between the liability and derivative components of the convertible bonds based on the allocation of proceeds to the liability and derivative components when the instruments are initially recognised. The portion of the transaction costs relating to the liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Properties under development

Properties under development are intended to be held for sale after completion.

Properties under development are stated at the lower of cost comprising land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period and net realisable value.

Properties under development are classified as current assets unless those will not be realised in the normal operating cycle. On completion, the properties are transferred to properties held for sale.

Properties held for sale

Properties held for sale are stated in the statement of financial position at the lower of cost and net realisable value. Cost is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties. Net realisable value takes into account the price ultimately expected to be realised, less estimated costs to be incurred in selling the properties.

Inventories

Inventories other than properties under development and properties held for sale are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Provisions for product warranties granted by the Group on certain products are recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income tax *(continued)*

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, joint ventures and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) from sales of properties in the ordinary course of business is recognised when the risks and rewards of properties are transferred to the purchasers, which is when the construction of the relevant properties have been completed, the properties have been delivered to the purchasers 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 the consolidated statement of financial position under receipts in advance and deposits received;

(c) from construction contracts, on the percentage of completion basis, as further explained in the accounting policy for "Construction contracts" below;

(d) from the rendering of services, on the percentage of completion basis, as further explained in the accounting policy for "Contracts for services" below;

(e) rental income, on a time proportion basis over the lease terms;

(f) from hotel operation, including room rentals and service fees from the provision of other ancillary services is recognised when the services are rendered;

(g) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and

(h) dividend income, when the shareholders' right to receive payment has been established.

Construction contracts

Contract revenue comprises the agreed contract amount and appropriate amounts from variation orders, claims and incentive payments. Contract costs incurred comprise direct materials, the costs of subcontracting, direct labour and an appropriate proportion of variable and fixed construction overheads.

Revenue from fixed price construction contracts is recognised using the percentage of completion method, measured by reference to the proportion of costs incurred to date to the estimated total cost of the relevant contract.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Construction contracts *(continued)*

Revenue from cost plus construction contracts is recognised using the percentage of completion method, by reference to the recoverable costs incurred during the period plus the related fee earned, measured by the proportion of costs incurred to date to the estimated total cost of the relevant contract.

Provision is made for foreseeable losses as soon as they are anticipated by management. Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from contract customers. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers.

Contracts for services

Contract revenue on the rendering of services comprises the agreed contract amount. Costs of rendering services comprise labour and other costs of personnel directly engaged in providing the services and attributable overheads.

Revenue from the rendering of services is recognised based on the percentage of completion of the transaction, provided that the revenue, the costs incurred and the estimated costs to completion can be measured reliably. The percentage of completion is established by reference to the costs incurred to date as compared to the total costs to be incurred under the transaction. Where the outcome of a contract cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Provision is made for foreseeable losses as soon as they are anticipated by management. Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from contract customers. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers.

Employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Mainland China, Singapore and Australia are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain fixed percentages of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Pension scheme for all eligible employees of the companies in Hong Kong

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "**MPF**") under the Mandatory Provident Fund Schemes Ordinance for all employees of the companies in Hong Kong who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated statement of the profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when 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 capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. With reference to the implementation of the Hong Kong Companies Ordinance (Cap. 622), proposed final dividends are disclosed in the note 12 to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies

These financial statements are presented in Renminbi, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than the Renminbi. As at the end of the reporting period, the assets and liabilities of these entities are translated into Renminbi at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Renminbi at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Renminbi at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Renminbi at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded that one of the Group's investment properties, a shopping mall, is held under a business model whose objective is to consume substantially all of the economic benefits embodied in that investment property over time rather than through sale. Therefore, in measuring the Group's deferred tax liabilities on such investment property, the directors of the company have determined that the presumption that the carrying amount of such investment property is recovered entirely through sale is rebutted. As at 31 December 2016, the carrying amount of such property was RMB2,132,000,000 (2015: RMB nil). For the remaining investment properties on which the presumption is not rebutted, the Group has further recognised deferred taxes on changes in fair value of investment properties in relation to the PRC's land appreciation tax ("**LAT**"), which is the additional tax to be charged if a property in the PRC is recovered through sale. As at 31 December 2016, the carrying amount of these properties was RMB633,354,000 (2015: RMB330,600,000).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty

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

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2016 was RMB1,573,910,000 (2015: RMB1,474,000). Further details are given in note 17 to the consolidated financial statements.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. As at 31 December 2016, the Group has property, plant and equipment, prepaid land lease payments and other intangible assets amounted to RMB6,565,282,000 (2015: RMB362,055,000), RMB1,386,939,000 (2015: RMB1,661,000) and RMB852,806,000 (2015: RMB4,169,000), respectively.

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amount of investment properties at 31 December 2016 was RMB2,765,354,000 (2015: RMB330,600,000). Further details, including the key assumptions used for fair value measurement are given in note 15 to the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty *(continued)*

Development costs

Development costs are capitalised in accordance with the accounting policy for research and development costs in note 2.4 to the consolidated financial statements. Determining the amounts to be capitalised requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. At 31 December 2016, the best estimate of the carrying amount of capitalised development costs was RMB134,462,000 (2015: RMB2,526,000).

Useful lives of intangible assets

The intangible assets are amortised on the straight-line basis by taking into account the residual value. The Group reviews the estimated useful lives periodically to determine the related amortisation for its intangible assets. The estimation is based on the historical experience of the actual useful lives of intangible assets of similar nature and functions, with consideration of market condition. Management will increase the amortisation when useful lives become shorter than previously estimated.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The outcome of their actual utilisation may be different. The net carrying value of deferred tax assets recognised for unused tax losses and deductible temporary differences at 31 December 2016 was RMB210,070,000 (2015: RMB28,043,000). Further details are contained in note 42 to the consolidated financial statements.

Impairment of trade and other receivables

Impairment of trade and other receivables is made based on an assessment of the recoverability of trade and other receivables. The identification of impairment requires management's judgements and estimates based on the ageing and historical payment patterns. Where the actual outcome is different from the original estimate, such differences will impact on the carrying values of the trade and other receivables and the impairment loss over the period in which such estimate has been changed. At 31 December 2016, the provision for impairment of trade receivables was approximately RMB30,648,000 (2015: RMB28,550,000).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty *(continued)*

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated selling expenses. These estimates are based on the current market condition and the historical experience of selling products of a similar nature. It could change significantly as a result of changes in market conditions. Management reassesses these estimates at each reporting date. At 31 December 2016, the net carrying value of inventories was approximately RMB2,645,111,000 (2015: RMB129,079,000).

PRC LAT

The Group is subject to LAT in the PRC. The provision of the LAT is based on management's best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculation and payments with the tax authorities for its property development projects. The final outcome could be different from the amounts that were initially recorded. At 31 December 2016, the carrying amount of LAT payable included under taxation payable was approximately RMB317,691,000 (2015: RMB115,305,000).

Estimated net realisable value of properties held for sale

The management of the Group determines the net realisable value of properties held for sale by using prevailing market data such as most recent sales transactions and internal estimates of cost based on quotes from contractors. These estimates require judgement as to the anticipated sale prices by reference to recent sales transactions in nearby locations, rates of new property sales, marketing costs (including price discounts required to stimulate sales), the legal and regulatory framework and general market conditions. At 31 December 2016, the carrying amount of properties held for sale was approximately RMB1,073,868,000 (2015: RMB933,536,000). No impairment loss was recognised for the year ended 31 December 2016 (2015: nil).

Estimated net realisable value of properties under development

In determining whether allowances should be made to the Group's properties under development, the directors of the Company take into consideration the current market environment and the estimated market value (i.e. the estimated selling price less estimated costs to sell) less estimated costs to completion of the properties. An allowance is made if the estimated market value is less than the carrying amount. If the actual net realisable value of properties under development is less than expected as a result of a change in market conditions and/or significant variation in the budgeted development cost, a material provision for impairment losses may result. At 31 December 2016, the carrying amount of properties under development was approximately RMB1,471,003,000 (2015: RMB2,379,083,000). No impairment loss was recognised for the year ended 31 December 2016 (2015: nil).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty *(continued)*

Estimated fair value of financial guarantees

In estimating the fair value of the financial guarantees in respect of mortgage facilities for property purchasers, the directors of the Company consider the net realisable value of the relevant properties against the outstanding principal and interest. In the opinion of the directors of the Company, the fair value of the financial guarantees at 31 December 2016 and 2015 was immaterial. Details of the financial guarantees are set out in note 49 to the consolidated financial statements.

Application of purchase price allocation

When performing purchase price allocation for subsidiaries acquired in a business combination, the Group makes several estimates in determination of the fair value of identifiable assets and liabilities, including:

(a) discounted cash flow projections based on reliable estimates of future cash flows from leasing of investment properties, rendering of services and property sales, supported by existing rental agreements, external evidence such as current market prices for similar services and similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows; and

(b) estimated deferred tax for Corporate Income Tax arising from the fair value adjustments.

Further details of the business combinations are given in note 46 to the consolidated financial statements.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has five reportable operating segments as follows:

(a) Properties – investment, development and sale of properties and provision of construction related service;

(b) Tourism – tourist service;

(c) Investment – holding and trading of a variety of investments and financial products with potential or for strategic purposes including but not limited to listed and unlisted securities, bonds, funds, derivatives, structured and other treasury products;

(d) Healthcare – healthcare products and services; and

(e) New energy – manufacture and sale of gear products.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that certain income and gains, finance costs as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, certain property, plant and equipment, tax prepaid, pledged bank deposits, structured bank deposits, cash and cash equivalents, deposits paid for potential acquisitions, consideration receivable and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude taxation payable, dividend payable, bank and other borrowings, deferred tax liabilities, acquisition consideration payables, convertible bonds, corporate bonds and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

4. OPERATING SEGMENT INFORMATION *(continued)*

During the year ended 31 December 2016, the Group acquired a number of subsidiaries. Other than the new businesses (Tourism and New energy) acquired which are identified as new reportable segments, management has revised other reportable segments and revised the Group's internal reporting, which combined all property related businesses, including properties development, properties investment, construction and green building service into one segment (Properties). As a result of the changes to reportable segments and segment presentation, the prior year segment information for the year ended 31 December 2015 has been re-presented to conform with the revised presentation.

Year ended 31 December 2016

	Properties RMB'000	Tourism RMB'000	Investment RMB'000	Healthcare RMB'000	New energy RMB'000	Total RMB'000
Segment revenue:						
Sales to external customers	2,894,843	134,321	3,716	362,464	916,079	4,311,423
Fair value change in financial instruments	–	–	3,361,459	–	–	3,361,459
Segment results	616,756	(43,029)	3,390,300	(154,355)	(125,779)	3,683,893
Reconciliation:						
Unallocated interests income						70,302
Gain on disposal of subsidiaries, net						98,502
Gain on a bargain purchase						3,752
Unallocated income and gains						77,814
Corporate and other unallocated expenses						(94,826)
Finance costs						(89,996)
Profit before tax						3,749,441
Segment assets	6,659,135	1,558,496	7,861,771	1,016,351	23,478,961	40,574,714
Reconciliation:						
Corporate and other unallocated assets						7,719,959
Total assets						48,294,673
Segment liabilities	2,108,289	28,378	–	271,406	8,094,924	10,502,997
Reconciliation:						
Corporate and other unallocated liabilities						11,613,123
Total liabilities						22,116,120

4. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 December 2016

	Properties RMB'000	Tourism RMB'000	Investment RMB'000	Healthcare RMB'000	New energy RMB'000	Unallocated RMB'000	Total RMB'000
Other segment information:							
Share of profits and losses of:							
Joint ventures	–	(979)	–	–	972	–	(7)
Associates	8,791	–	–	(3,573)	283	–	5,501
Impairment losses recognised in the statement of profit or loss	–	–	–	2,358	–	–	2,358
Impairment losses reversed in the statement of profit or loss	(260)	–	–	–	–	–	(260)
Depreciation and amortisation	6,414	47,922	–	7,870	100,907	1,412	164,525
Investments in joint ventures	–	899,022	–	–	1,008,253	–	1,907,275
Investments in associates	1,223,770	–	–	436,398	142,187	–	1,802,355
Capital expenditure*	2,457,470	456,754	–	123,444	8,257,849	2,404	11,297,921

* Capital expenditure consists of additions to property, plant and equipment, prepaid land lease payments, investment properties and other intangible assets including assets from acquisition of subsidiaries.

4. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 December 2015

	Properties RMB'000	Tourism RMB'000	Investment RMB'000	Healthcare RMB'000	New energy RMB'000	Total RMB'000
	(Restated)	(Restated)	(Restated)	(Restated)		(Restated)
Segment revenue:						
Sales to external customers	2,662,894	88,852	7,761	336,104	–	3,095,611
Fair value change in financial instruments	–	–	621,095	–	–	621,095
Segment results	315,543	(16,590)	649,811	(4,889)	–	943,875
Reconciliation:						
Unallocated interests income						71,042
Unallocated income and gains						17,924
Gain on disposal of subsidiaries, net						194,047
Gain on a bargain purchase						363,428
Corporate and other unallocated expenses						(39,323)
Finance costs						(104,641)
Profit before tax						1,446,352
Segment assets	4,087,605	257,342	1,608,534	471,778	–	6,425,259
Reconciliation:						
Corporate and other unallocated assets						2,941,107
Total assets						9,366,366
Segment liabilities	2,207,282	13,269	–	331,010	–	2,551,561
Reconciliation:						
Corporate and other unallocated liabilities						1,496,569
Total liabilities						4,048,130

Year ended 31 December 2015

	Properties RMB'000	Tourism RMB'000	Investment RMB'000	Healthcare RMB'000	Unallocated RMB'000	Total RMB'000
	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)
Other segment information:						
Impairment losses recognised in the statement of profit or loss	312	–	–	5,467	–	5,779
Depreciation and amortisation	10,422	4,985	–	6,727	654	22,788
Investments in joint ventures	–	–	–	–	4,900	4,900
Capital expenditure*	32,147	32,089	–	9,904	568	74,708

* Capital expenditure consists of additions to property, plant and equipment, prepaid land lease payments, investment properties and other tangible assets including assets from acquisition of subsidiaries.

4. OPERATING SEGMENT INFORMATION *(continued)*

Geographical information

(a) *Revenue from external customers*

	2016 RMB'000	2015 RMB'000 (Restated)
Mainland China	**3,795,094**	2,978,428
Australia	**134,321**	88,852
Singapore	**4,761**	–
Europe	**3,716**	20,167
United States of America	**357,091**	8,164
Other countries	**16,440**	–
	4,311,423	3,095,611

The revenue information above is based on the locations of the customers.

(b) *Non-current assets*

	2016 RMB'000	2015 RMB'000 (Restated)
Mainland China	**12,384,411**	498,556
Hong Kong	**129,165**	969
Australia	**623,412**	252,880
United States of America	**168,250**	–
Europe	**2,992**	–
Other countries	**31,250**	2,066
	13,339,480	754,471

The non-current asset information above is based on the locations of the assets and excludes financial instruments, deferred tax assets and investments in joint ventures and associates.

4. OPERATING SEGMENT INFORMATION *(continued)*

Information about major customer

No revenue derived from a single external customer amounted to 10% or more of the Group's revenue during the year.

5. FAIR VALUE CHANGE IN FINANCIAL INSTRUMENTS

	2016 RMB'000	2015 RMB'000 (Restated)
Fair value change in listed equity investments	3,345,853	620,676
Fair value change in financial assets designated as at fair value through profit or loss (note 29)	26,351	419
Fair value change in derivative components of convertible bonds (note 38)	(10,745)	–
	3,361,459	621,095

6. REVENUE, OTHER INCOME AND GAINS/LOSSES, NET

Revenue represents the net invoiced value of properties and goods sold, after allowances for returns and trade discounts; gross rental income received and receivable; an appropriate proportion of contract revenue of construction contracts, income from hotel operations and the value of services rendered.

An analysis of revenue, other income and net gains/losses, net is as follows:

	2016 RMB'000	2015 RMB'000 (Restated)
Revenue		
Sale of properties	2,638,593	2,407,982
Sale of goods	1,258,950	320,668
Rendering of services	134,529	220,589
Hotel operations	134,321	88,852
Revenue from construction contracts	82,360	37,035
Gross rental income	58,954	12,724
Others	3,716	7,761
	4,311,423	3,095,611
Other income		
Bank interest income	38,546	1,745
Other interest income	57,577	91,301
Government grants	31,300	9,110
Investment income	24,037	–
Management fee income	21,782	4,958
Others	9,429	4,867
	182,671	111,981
Gains/losses, net		
Gain on disposal of items of property, plant and equipment	4,874	14,048
Loss on liquidation of an associate	(5,392)	–
Exchange gains	56,337	8,379
Change in fair value of investment properties	–	8,000
	55,819	30,427
	238,490	142,408

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	2016 RMB'000	2015 RMB'000 (Restated)
Cost of inventories sold		**1,101,376**	233,814
Cost of properties sold		**2,009,357**	2,237,370
Cost of hotel operations		**154,575**	100,770
Cost of services provided		**96,529**	96,539
Direct operating expenses arising from rental-earning investment properties		**2,573**	–
Cost of construction contracts		**75,018**	39,780
Depreciation	14	**151,851**	22,693
Amortisation of patents and technology	18	**3,383**	57
Amortisation of customer relationship	18	**4,333**	–
Research and development costs:			
Deferred expenditure amortised	18	**2,398**	–
Current year expenditure		**55,661**	23,666
		58,059	23,666
Minimum lease payments under operating leases		**9,667**	7,916
Amortisation of prepaid land lease payments	16	**2,560**	38
Auditor's remuneration		**2,449**	1,413
Other consulting fee		**7,262**	168
Employee benefit expense (including directors and chief executives's remuneration) (note 9)			
Wages and salaries		**173,211**	72,512
Pension scheme contributions		**21,333**	3,509
Other benefits		**35,766**	17,432
		230,310	93,453
Foreign exchange differences, net		**(56,337)**	(8,379)
Impairment of trade receivables, net	26	**2,098**	5,779
Warranty provision	41	**11,485**	1,475
Government grants*		**(31,300)**	(9,110)
Change in fair value of properties held for sale transferred to investment properties	15	**–**	(147,464)
Change in fair value of investment properties	15	**–**	(8,000)
Gain on disposal of subsidiaries, net	48	**(98,502)**	(194,047)
Fair value change in financial instruments	5	**(3,361,459)**	(621,095)

* *Government grants received for which related expenditure has not yet been undertaken are included in deferred income in the consolidated statement of financial position. There are no unfulfilled conditions or contingencies relating to these grants.*

At 31 December 2016, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in the future years (2015: Nil).

8. FINANCE COSTS

An analysis of finance costs is as follows:

	2016 RMB'000	2015 RMB'000 (Restated)
Interest on bank and other borrowings	120,898	166,000
Interest on convertible bonds (note 38)	2,412	–
Interest on corporate bonds (note 39)	807	741
Interest on finance leases	96	–
Interest on an acquisition consideration payable	–	4,300
Less: Interest capitalised (note 30)	(34,217)	(66,400)
	89,996	104,641

9. DIRECTORS' AND CHIEF EXECUTIVES' REMUNERATION

Directors' and chief executives' remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2016 RMB'000	2015 RMB'000
Fees	1,588	1,757
Other emoluments:		
Salaries, allowances and benefits in kind	8,228	5,915
Pension scheme contributions	288	110
	8,516	6,025
	10,104	7,782

9. DIRECTORS' AND CHIEF EXECUTIVES' REMUNERATION *(continued)*

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2016 RMB'000	2015 RMB'000
Mr. Lau Chi Keung	206	195
Mr. Chow Siu Lui	206	195
Mr. Tsang Sai Chung	206	195
	618	585

There were no other emoluments payable to the independent non-executive directors during the year (2015: nil).

(b) Executive directors, non-executive directors and the chief executives

	2016			
	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Executive directors:				
Mr. Shi Zhiqiang	206	2,243	101	2,550
Mr. Wang Bo	206	2,936	16	3,158
Mr. Fang Jian(1)	96	–	–	96
Non-executive directors				
Mr. Eddie Hurip(2)	206	–	–	206
Mr. Chen Minrui(3)	50	1,204	79	1,333
Chief executives:				
Mr. Ji(4)	206	–	–	206
Mr. Deng Xiaoxiong(5)	–	1,845	92	1,937
	970	8,228	288	9,486

9. DIRECTORS' AND CHIEF EXECUTIVES' REMUNERATION *(continued)*

(b) Executive directors, non-executive directors and the chief executives *(continued)*

	2015			
	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Executive directors:				
Mr. Shi Zhiqiang	195	1,813	56	2,064
Mr. Wang Bo	195	2,056	15	2,266
Mr. Fang Jian(1)	195	1,008	17	1,220
Mr. Zhou Yanwei(6)	49	512	–	561
Non-executive directors:				
Mr. Eddie Hurip(2)	195	–	–	195
Mr. Chen Minrui(3)	148	526	22	696
Chief executive:				
Mr. Ji(4)	195	–	–	195
	1,172	5,915	110	7,197

There was no arrangement under which a director or a chief executive waived or agreed to waive any remuneration during the year.

(1) Mr. Fang Jian resigned on 22 June 2016.

(2) Mr. Eddie Hurip redesignated from executive director to non-executive director on 31 March 2015 and resigned on 31 December 2016.

(3) Mr. Chen Minrui was appointed on 31 March 2015 and resigned on 30 March 2016.

(4) Mr. Ji is also the executive director of the Company.

(5) Mr. Deng Xiaoxiong was appointed as the co-chief executive on 17 May 2016.

(6) Mr. Zhou Yanwei resigned on 31 March 2015.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors (2015: two directors), details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining three (2015: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2016 RMB'000	2015 RMB'000
Salaries, allowances and benefits in kind	**10,216**	4,890
Pension scheme contributions	**43**	112
	10,259	5,002

10. FIVE HIGHEST PAID EMPLOYEES *(continued)*

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees 2016	2015
HK$1,500,001 to HK$2,000,000	**–**	1
HK$2,000,001 to HK$2,500,000	**–**	2
HK$2,500,001 to HK$3,000,000	**1**	–
HK$3,500,001 to HK$4,000,000	**1**	–
HK$4,500,001 to HK$5,000,000	**1**	–
	3	3

11. INCOME TAX EXPENSE

The Group calculates the income tax expense for the year using the tax rates prevailing in the jurisdictions in which the Group operates.

	2016 RMB'000	2015 RMB'000 (Restated)
Current – PRC		
Corporate income tax ("**CIT**")	**286,863**	166,917
LAT	**111,965**	44,464
Current – Hong Kong		
Profits tax	**2,207**	4,088
Deferred tax (note 42)	**315,401**	10,961
Total tax charge for the year	**716,436**	226,430

11. INCOME TAX *(continued)*

PRC CIT

PRC CIT has been provided at the rate of 25% (2015: 25%) on the taxable profits of the Group's PRC subsidiaries, except those listed below, for the year ended 31 December 2016.

The following subsidiaries are qualified as high technology development enterprises and are thus subject to tax at a preferential tax rate of 15% for 3 years from the date of approval:

Name of company	Year end during which approval was obtained	Year ended/ending during which approval will expire
Shenzhen Anke	31 December 2015	31 December 2017
Nanjing High Speed Gear Manufacturing Co., Ltd. ("**Nanjing High Speed**")	31 December 2014	31 December 2016
Nanjing High Accurate Marine Equipment Co., Ltd.	31 December 2014	31 December 2016
Nanjing High Speed & Accurate Gear (Group) Co., Ltd.	31 December 2014	31 December 2016
Nanjing Gaochuan Sky Digital Control Equipment Manufacturing Co., Ltd.	31 December 2015	31 December 2017
CHSTE (Beijing) Shougao Metallurgical Engineering & Equipment Co., Ltd.	31 December 2015	31 December 2017
Zhenjiang Tongzhou Propeller Co., Ltd.	31 December 2016	31 December 2018

PRC LAT

According to the requirements of the Provisional Regulations of the PRC on LAT（中華人民共和國土地增值稅暫行條例）effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT（中華人民共和國土地增值稅暫行條例實施細則）effective from 27 January 1995, all gains arising from a transfer of real estate property in PRC effective from 1 January 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, with an exemption provided for property sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising in Hong Kong during the year ended 31 December 2016.

11. INCOME TAX *(continued)*

Singapore CIT

No provision for taxation in Singapore has been made, as the Group did not generate any assessable profits arising in Singapore for the year ended 31 December 2016.

Australia company tax

No provision for taxation in Australia has been made, as the Group did not generate any assessable profits arising in Australia for the year ended 31 December 2016.

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates are as follows:

	2016 RMB'000	2015 RMB'000 (Restated)
Profit before tax	3,749,441	1,446,352
Tax at the statutory tax rate of 25%	937,360	361,588
Effect of different tax rates of subsidiaries operating in other jurisdictions and lower tax rate for specific provinces or enacted by local authorities	(292,004)	(56,453)
Profits and losses attributable to joint ventures and associates	(1,374)	–
Income not subject to tax	(54,000)	(112,859)
Expenses not deductible for tax	25,061	15,110
Tax losses utilised from previous periods	(277)	–
Tax losses not recognised	59,113	6,606
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	14,797	–
Provision for LAT	111,965	44,464
Tax effect for LAT	(10,373)	(4,328)
Deferred tax on LAT in respect of properties held for sale	(70,473)	(66,623)
Deferred tax on LAT in respect of investment properties	–	39,471
Additional deductible allowance for research and development expenses	(3,359)	(546)
Tax charge at the Group's effective rate	716,436	226,430

The share of tax attributable to joint ventures and associates amounting to charge of RMB2,000 (2015: nil) and credit of RMB1,376,000 (2015: nil), respectively, is included in "Share of profits and losses of joint ventures and associates" in profit or loss.

12. DIVIDENDS

	2016 RMB'000	2015 RMB'000
Proposed final – RMB1.5 cents (2015: RMB1 cent) per ordinary share	**295,936**	156,381

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to owners of the parent, and the weighted average number of ordinary shares of 16,218,109,448 (2015: 14,021,177,870) in issue during the year.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to owners of the parent, adjusted to reflect the interest on the convertible bonds and fair value change on the conversion option derivative components of the convertible bonds. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed conversion of all dilutive potential ordinary shares into ordinary shares.

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT *(continued)*

The calculations of basic and diluted earnings per share are based on:

	2016 RMB'000	2015 RMB'000 (Restated)
Earnings		
Earnings for the purpose of the basic earnings per share calculation	**3,105,196**	1,217,827
Interest on convertible bonds (note 38)	**2,412**	–
Fair value loss on the derivative component of the convertible bonds (note 38)	**10,745**	–
Profit attributable to owners of the parent before interest and fair value change on convertible bonds	**3,118,353**	1,217,827

	Number of shares 2016	2015
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**16,218,109,448**	14,021,177,870
Effect of dilution – weighted average number of ordinary shares:		
Convertible bonds	**1,453,411**	–
	16,219,562,859	14,021,177,870

* Since the convertible bonds had an anti-dilutive effect on the basic earnings per share for the year, the diluted earnings per share amounts are based on the profit for the year attributable to the owners of the parent, of RMB3,105,196,000, and the weighted average number of ordinary shares of 16,218,109,448 in issue during the year.

14. PROPERTY, PLANT AND EQUIPMENT

	Hotel Properties RMB'000	Freehold land and buildings RMB'000	Plant and machinery RMB'000	Furniture and fixtures RMB'000	Motor vehicles and others RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2016							
At 31 December 2015:							
As originally stated	–	40,854	51,148	7,043	3,575	45,846	148,466
Restatement	144,111	1,624	54,074	12,377	1,403	–	213,589
As restated	144,111	42,478	105,222	19,420	4,978	45,846	362,055
At 31 December 2015 and at 1 January 2016:							
Cost	156,688	54,520	160,362	40,237	13,044	45,846	470,697
Accumulated depreciation and impairment	(12,577)	(12,042)	(55,140)	(20,817)	(8,066)	–	(108,642)
Net carrying amount	144,111	42,478	105,222	19,420	4,978	45,846	362,055
At 1 January 2016, net of accumulated depreciation and impairment	144,111	42,478	105,222	19,420	4,978	45,846	362,055
Additions	176,942	255,353	54,664	11,168	4,070	179,237	681,434
Acquisition of subsidiaries (note 46)	–	2,413,203	2,455,564	95,902	101,333	835,539	5,901,541
Depreciation provided during the year	(19,554)	(10,888)	(106,779)	(8,425)	(6,205)	–	(151,851)
Disposals of subsidiaries (note 48)	–	(39,620)	(86,332)	(1,672)	(587)	(66,403)	(194,614)
Disposals	–	–	(49,409)	(781)	(83)	–	(50,273)
Reclassification	–	7,091	67,475	1,223	–	(75,789)	–
Exchange realignment	13,600	–	3,237	96	57	–	16,990
At 31 December 2016, net of accumulated depreciation and impairment	315,099	2,667,617	2,443,642	116,931	103,563	918,430	6,565,282
At 31 December 2016:							
Cost	338,391	3,163,845	5,479,243	329,396	360,452	918,430	10,589,757
Accumulated depreciation and impairment	(23,292)	(496,228)	(3,035,601)	(212,465)	(256,889)	–	(4,024,475)
Net carrying amount	315,099	2,667,617	2,443,642	116,931	103,563	918,430	6,565,282

14. PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Hotel properties RMB'000	Freehold land and buildings RMB'000	Plant and machinery RMB'000	Furniture and fixtures RMB'000	Motor vehicles and others RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2015							
At 1 January 2015:							
As originally stated	–	59,529	54,570	7,091	3,240	23,706	148,136
Restatement	142,548	848	43,223	9,142	1,677	–	197,438
As restated	142,548	60,377	97,793	16,233	4,917	23,706	345,574
At 1 January 2015:							
Cost	152,738	72,578	146,584	33,059	10,531	23,706	439,196
Accumulated depreciation and impairment	(10,190)	(12,201)	(48,791)	(16,826)	(5,614)	–	(93,622)
Net carrying amount	142,548	60,377	97,793	16,233	4,917	23,706	345,574
At 1 January 2015, net of accumulated depreciation and impairment	142,548	60,377	97,793	16,233	4,917	23,706	345,574
Additions	13,568	968	18,522	8,518	1,705	22,140	65,421
Acquisition of subsidiaries (note 46)	–	–	–	2,329	2,732	–	5,061
Depreciation provided during the year	(3,074)	(2,878)	(8,369)	(5,590)	(2,782)	–	(22,693)
Disposal of subsidiaries (note 48)	–	–	–	(1,960)	(559)	–	(2,519)
Disposals	–	(15,989)	–	(110)	(1,035)	–	(17,134)
Exchange realignment	(8,931)	–	(2,724)	–	–	–	(11,655)
At 31 December 2015, net of accumulated depreciation and impairment	144,111	42,478	105,222	19,420	4,978	45,846	362,055
At 31 December 2015:							
Cost	156,688	54,520	160,362	40,237	13,044	45,846	470,697
Accumulated depreciation and impairment	(12,577)	(12,042)	(55,140)	(20,817)	(8,066)	–	(108,642)
Net carrying amount	144,111	42,478	105,222	19,420	4,978	45,846	362,055

The net carrying amount of the Group's fixed assets under finance leases included in the total amounts of plant and machinery at 31 December 2016 was RMB50,263,000 (2015: nil).

The Group is in the process of obtaining property certificates for the buildings above with carrying amount of RMB1,509,798,000 (2015: nil) at the end of the reporting period.

15. INVESTMENT PROPERTIES

	2016 RMB'000	2015 RMB'000 (Restated)
Carrying amount at 1 January	**330,600**	5,600
Additions	**302,754**	–
Acquisition of subsidiaries (note 46(b))	**2,132,000**	–
Increase in fair value of properties held for sale transferred to investment properties recognised in profit or loss	**–**	147,464
Increase in fair value recognised in profit or loss	**–**	8,000
Transfer from properties held for sale	**–**	169,536
Carrying amount at 31 December	**2,765,354**	330,600

The Group's investment properties consist of a shopping mall, five commercial properties and offices in Mainland China. The Group's investment properties were revalued on 31 December 2016 based on valuations performed by Savills Valuation and Professional Service Limited ("**Savills**"), Avista Valuation Advisory Limited ("**Avista**") and Crowe Horwath (HK) Consulting & Valuation Limited ("**Crowe**") (2015: Savills and Crowe), independent professionally qualified valuers on the basis of capitalisation of rental income derived from the existing tenancies with due allowance for reversionary income potential of the properties, at RMB2,765,354,000 (2015: RMB330,600,000).

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 51 to the consolidated financial statements.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December 2016 using			
Recurring fair value measurement for:	**Quoted prices in active markets (Level 1) RMB'000**	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Shopping mall	**–**	**–**	**2,132,000**	**2,132,000**
Commercial properties	**–**	**–**	**308,354**	**308,354**
Offices	**–**	**–**	**325,000**	**325,000**
	–	**–**	**2,765,354**	**2,765,354**

	Fair value measurement as at 31 December 2015 using			
Recurring fair value measurement for:	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Commercial properties	–	–	5,600	5,600
Offices	–	–	325,000	325,000
	–	–	330,600	330,600

15. INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy *(continued)*

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2015: nil).

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation techniques	Significant unobservable inputs	Range or weighted average 2016	2015
Yuhua Salon（雨花客廳）A1 (Certain Units)	Term and reversion	Estimated rental value (per s.q.m. and per month)	RMB63 to RMB149.1	RMB63 to RMB156.6
		Long term vacancy rate	2% to 5%	2% to 5%
		Discount rate	4.75%-5.25%	4.75%-5.20%
TongJing YueCheng Kindergarten（同景躍城幼稚園）	Term and reversion	Estimated rental value (per s.q.m. and per month)	RMB27	RMB25
		Long term vacancy rate	0%	0%
		Discount rate	5%	5%
Wonder City（虹悅城）	Discounted cash flow	Estimated rental value (per s.q.m. and per month)	RMB176 to RMB299	
		Rent growth (p.a.)	3% to 9%	
		Long term vacancy rate	0%	
		Discount rate	7%	
Nantong Youshan Meidi Garden Project/Huitong Building/Zhenjiang Youshan Meidi Garden Project（南通優山美地花園項目／匯通大廈項目／鎮江優山美地花園項目）	Term and reversion	Estimated rental value (per s.q.m. and per month)	RMB8.1 to RMB58.8	
		Long term vacancy rate	0%	
		Discount rate	4.5% to 6%	

A significant increase/(decrease) in the estimated rental value per month and rent growth rate in isolation would result in a significant increase/(decrease) in the fair value of the investment properties. A significant increase/(decrease) in the long term vacancy rate and discount rate in isolation would result in a significant (decrease)/increase in the fair value of the investment properties.

16. PREPAID LAND LEASE PAYMENTS

	2016 RMB'000	2015 RMB'000 (Restated)
Carrying amount at 1 January	**1,699**	1,737
Addition during the year	**2,382**	–
Acquisition of subsidiaries (note 46(c))	**1,417,270**	–
Disposal of subsidiaries (note 48(a))	**(1,641)**	–
Released during the year	**(2,560)**	(38)
Carrying amount at 31 December	**1,417,150**	1,699
For reporting purposes:		
Current portion	**30,211**	38
Non-current portion	**1,386,939**	1,661
	1,417,150	1,699

The above prepaid land lease payments are land use rights located in Mainland China. At 31 December 2016, the Group is in the process of obtaining land use rights certificates in respect of land use rights located in Mainland China with carrying amount of RMB597,142,000 (2015: nil).

17. GOODWILL

	RMB'000
At 1 January 2015 and 31 December 2015:	
Cost	1,474
Accumulated impairment	–
Net carrying amount	1,474
Cost at 1 January 2016, net of accumulated impairment	1,474
Acquisitions of subsidiaries (note 46)	1,573,910
Attributable to disposal of subsidiaries (note 48(a))	(1,474)
Cost and net carrying amount at 31 December 2016	1,573,910
At 31 December 2016:	
Cost	1,573,910
Accumulated impairment	–
Net carrying amount	1,573,910

17. GOODWILL *(continued)*

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating units (“**CGUs**”) for impairment testing:

- Healthcare service CGU; and
- Gear products CGU

Healthcare service CGU

The recoverable amount of healthcare service CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 18.8%. The growth rate used to extrapolate the cash flows of healthcare service CGU beyond the five-year period is 3%, which was the same as the long term average growth rate of the healthcare service industry.

Gear products CGU

The recoverable amount of gear products CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 11.0%. The growth rate used to extrapolate the cash flows of the gear products CGU beyond the five-year period is 3%, which was the same as the long term average growth rate of the gear products industry.

As at 31 December 2016, the carrying amount of unallocated goodwill and goodwill allocated to each of the CGUs is as follows:

	Healthcare service	Gear products	Unallocated*	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount of goodwill	14,883	1,432,344	126,683	1,573,910

* Goodwill as at 31 December 2016 included an amount of RMB126,683,000 which has not been allocated to any CGU at the end of the reporting period as the management considers that the synergy effect of the respective combination reflects in different CGUs operated by the Group. Since the valuation of the respective purchase price allocation has not been completed by the date of the approval of these consolidated financial statements, management has not yet assessed the appropriate allocation.

17. GOODWILL *(continued)*

Gear products CGU *(continued)*

As at 31 December 2015, the carrying amount of goodwill allocated to each of the CGUs is as follows:

	Green building included in properties segment	Total
	RMB'000	RMB'000
Carrying amount of goodwill	1,474	1,474

Assumptions were used in the value in use calculation of the healthcare service and gear products CGUs as at 31 December 2016. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill.

Budgeted gross margins

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Discount rates

The discount rates used are before tax and reflect specific risks relating to the relevant units.

Growth rate estimates

Rates are based on common industry practice.

18. OTHER INTANGIBLE ASSETS

	Customer relationship RMB'000	Patents and technology RMB'000	Deferred development costs RMB'000	Total RMB'000
31 December 2016				
At 1 January 2016:				
As originally stated	–	1,643	–	1,643
Restatement	–	–	2,526	2,526
As restated	–	1,643	2,526	4,169
At 1 January 2016:				
Cost	–	1,700	2,526	4,226
Accumulated amortisation	–	(57)	–	(57)
Net carrying amount	–	1,643	2,526	4,169
At 1 January 2016, net of accumulated amortisation	–	1,643	2,526	4,169
Additions – internal development	–	–	27,540	27,540
Acquisition of subsidiaries (note 46(a)&(c))	520,000	205,946	107,054	833,000
Disposals of subsidiaries (note 48(a)&(d))	–	(1,529)	(260)	(1,789)
Amortisation provided during the year	(4,333)	(3,383)	(2,398)	(10,114)
At 31 December 2016	515,667	202,677	134,462	852,806
At 31 December 2016:				
Cost	520,000	221,141	780,592	1,521,733
Accumulated amortisation	(4,333)	(18,464)	(646,130)	(668,927)
Net carrying amount	515,667	202,677	134,462	852,806
31 December 2015				
At 1 January 2015:				
As originally stated	–	–	–	–
Restatement	–	–	–	–
As restated	–	–	–	–
At 1 January 2015:				
Cost	–	–	–	–
Accumulated amortisation	–	–	–	–
Net carrying amount	–	–	–	–
At 1 January 2015, net of accumulated amortisation	–	–	–	–
Additions – internal development	–	–	2,526	2,526
Additions – purchase	–	1,700	–	1,700
Amortisation provided during the year	–	(57)	–	(57)
At 31 December 2015	–	1,643	2,526	4,169
At 31 December 2015 and at 1 January 2016:				
Cost	–	1,700	2,526	4,226
Accumulated amortisation	–	(57)	–	(57)
Net carrying amount	–	1,643	2,526	4,169

19. INVESTMENTS IN JOINT VENTURES

	2016	2015
	RMB'000	RMB'000
		(Restated)
Share of net assets	**1,907,275**	4,900

The Group's receivable and payable balances with the joint ventures are disclosed in notes 26, 27, 33 and 34 to the consolidated financial statements, respectively.

Particulars of the Group's material joint ventures are as follows:

Name	Issued shares RMB'000	Place of registration and business	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activities
Five Seasons Cultural Tourism Development Company Limited ("**Five Seasons Cultural**")	Registered capital 2,000,000	PRC/ Mainland China	45	45	45	Cultural and tourism services
Nanjing High Accurate Construction Equipment Co., Ltd ("**Nanjing High Accurate**")	Registered capital 20,000	PRC/ Mainland China	50	50	50	Metallurgical engineering and manufacturing
Nanjing Dongbang Equipment Co., Ltd ("**Nanjing Dongbang**")	Registered capital 2,000,000	PRC/ Mainland China	45	45	45	Engineering processing and manufacturing of machine

The Group's shareholdings in the joint ventures are all indirectly held by the subsidiaries of the Company.

19. INVESTMENTS IN JOINT VENTURES *(continued)*

Five Seasons Cultural, which is considered a material joint venture of the Group, is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Five Seasons Cultural adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	2016 RMB'000
Cash and cash equivalents	19,646
Other current assets	1,978,816
Current assets	1,998,462
Non-current assets, excluding goodwill	14
Goodwill on acquisition of the joint venture	–
Financial liabilities, excluding trade and other payables	(608)
Other current liabilities	(43)
Current liabilities	(651)
Net assets	1,997,825
Reconciliation to the Group's interest in the joint venture:	
Proportion of the Group's ownership	45%
Carrying amount of the investment	899,021
Interest income	1
Loss and total comprehensive loss for the year	(2,175)

19. INVESTMENTS IN JOINT VENTURES *(continued)*

Nanjing High Accurate, which is considered a material joint venture of the Group, is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Nanjing High Accurate adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	2016 RMB'000
Cash and cash equivalents	20,076
Other current assets	341,332
Current assets	361,408
Non-current assets, excluding goodwill	1,676
Goodwill on acquisition of the joint venture	–
Financial liabilities, excluding trade and other payables	–
Other current liabilities	(219,300)
Current liabilities	(219,300)
Non-current liabilities	–
Net assets	143,784
Reconciliation to the Group's interest in the joint venture:	
Proportion of the Group's ownership	50%
Carrying amount of the investment	71,892
Revenue	191,857
Interest income	22
Depreciation and amortisation	(603)
Finance costs	(961)
Income tax expense	(4,083)
Profit and total comprehensive income for the year	22,051*

* From the date of acquisition, the net profit of Nanjing High Accurate has been RMB1,944,000 for the one month ended 31 December 2016.

19. INVESTMENTS IN JOINT VENTURES *(continued)*

Nanjing Dongbang, which is considered a material joint venture of the Group, is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Nanjing Dongbang adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	2016 RMB'000
Other current assets	2,000,000
Current assets	2,000,000
Net assets	2,000,000
Reconciliation to the Group's interest in the joint venture:	
Proportion of the Group's ownership	45%
Carrying amount of the investment	900,000
Profit and total comprehensive income for the year	–

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2016 RMB'000
Share of the joint ventures' profit and total comprehensive income for the year	–
Aggregate carrying amount of the Group's investments in the other joint ventures	36,362

20. INVESTMENTS IN ASSOCIATES

	2016 RMB'000	2015 RMB'000
Share of net assets	1,115,700	–
Goodwill on acquisition	445,229	–
	1,560,929	–
Loan to an associate	241,426	–
	1,802,355	–

The loan to an associate is unsecured, bears interest at 9% per annum and has no fixed terms of repayment. In the opinion of the directors, this loan is not expected to be repaid within 12 months.

The Group's receivable and payable balances with the associates are disclosed in notes 26, 27, 33 and 34 to the consolidated financial statements, respectively.

Particulars of the material associates are as follows:

Name	Issued shares	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group	Principal activities
Nanjing Kanghe Enterprise Management Limited ("**Nanjing Kanghe**")	Registered capital RMB1,000,000,000	PRC/Mainland China	49	Enterprise management
Hin Sang Group (International) Holding Co., Ltd. ("**Hin Sang**")	Ordinary shares HK$10,857,960	Cayman Island/ Hong Kong	23	Development and sale of healthcare products
Nanjing Jiansheng Real Estate Development Company Limited（南京建盛房地產開發有限公司） ("**Jiansheng**")*	Registered capital RMB50,000,000	PRC/Mainland China	35	Property development
Applied Development Holdings Limited ("**Applied**")	Ordinary shares HK$20,875,907	Bermuda/Hong Kong	27	Resort and property development
Nantong FLW Agriculture Equipment Co., Ltd（南通富來威農業裝備有限公司）("**Nantong FLW**")	Registered capital RMB159,645,000	PRC/Mainland China	50	Manufacture and sale of agriculture equipment

Hin Sang and Applied are listed companies in Hong Kong. The fair values of these listed investments of the Group as at 31 December 2016 amounted to RMB400,450,000 (2015: nil) and RMB418,168,000 (2015: nil), respectively.

The Group's shareholdings in the associates are all indirectly held by the subsidiaries of the Company.

20. INVESTMENTS IN ASSOCIATES *(continued)*

The following table illustrates the summarised financial information for each of the material associates adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

Nanjing Kanghe

	2016 RMB'000
Current assets	490,001
Non-current liabilities	–
Net assets	490,001
Net assets, excluding goodwill	490,001
Reconciliation to the Group's interest in the associate:	
Proportion of the Group's ownership	49.00%
Group's share of net assets of the associate, excluding goodwill	490,001*
Carrying amount of the investment	490,001
Revenue	–
Profit and total comprehensive income for the year	–

* As at 31 December 2016, the other shareholder of Nanjing Kanghe has not completed the capital injection in Nanjing Kanghe. Net assets of Nanjing Kanghe as at 31 December 2016 mainly represented the capital injected by the subsidiary of the Group.

20. INVESTMENTS IN ASSOCIATES *(continued)*

Hin Sang

	2016 RMB'000
Current assets	302,739
Non-current assets, excluding goodwill	615,483
Current liabilities	(45,200)
Net assets	873,022
Net assets, excluding goodwill	873,022
Reconciliation to the Group's interest in the associate:	
Proportion of the Group's ownership	23.03%
Group's share of net assets of the associate, excluding goodwill	201,057
Goodwill on acquisition	210,651
Carrying amount of the investment	411,708
Revenue	125,140
Loss and total comprehensive loss for the year	(1,452)
Fair value of the Group's investment	400,450
Dividends from Hin Sang	6,640

* From the date of acquisition, the net loss of Hin Sang has been RMB7,000 for the six months ended 31 December 2016.

20. INVESTMENTS IN ASSOCIATES *(continued)*

Applied

	2016 RMB'000
Current assets	468,680
Non-current assets, excluding goodwill	430,441
Current liabilities	(2,391)
Net assets	896,730
Net assets, excluding goodwill	896,730
Reconciliation to the Group's interest in the associate:	
Proportion of the Group's ownership	26.82%
Group's share of net assets of the associate, excluding goodwill	240,503
Goodwill on acquisition	233,108
Carrying amount of the investment	473,611
Revenue	6,658
Profit and total comprehensive income for the year	38,100
Fair value of the Group's investment	418,168

* From the date of acquisition, the net profit of Applied has been RMB39,366,000 for the four months ended 31 December 2016.

20. INVESTMENTS IN ASSOCIATES *(continued)*

Jiansheng

	2016 RMB'000
Current assets	860,927
Non-current assets	169
Current liabilities	(813,536)
Net assets	47,560
Net assets	47,560
Reconciliation to the Group's interest in the associate:	
Proportion of the Group's ownership	35.00%
Group's share of net assets of the associate, excluding goodwill	16,646
Loan to the associate	241,426
Carrying amount of the investment	258,072
Revenue	–
Loss and total comprehensive loss for the year	(2,439)

20. INVESTMENTS IN ASSOCIATES *(continued)*

Nantong FLW

	2016 RMB'000
Current assets	81,915
Non-current assets, excluding goodwill	71,654
Goodwill on acquisition of the associate	1,470
Current liabilities	(18,132)
Net assets	136,907
Net assets, excluding goodwill	135,437
Reconciliation to the Group's interest in the associate:	
Proportion of the Group's ownership	49.58%
Group's share of net assets of the associate, excluding goodwill	67,149
Goodwill on acquisition	1,470
Carrying amount of the investment	68,619
Revenue	61,015
Profit and total comprehensive income for the year	1,075*

* From the date of acquisition, the net profit of Nantong FLW has been RMB56,000 for the one month ended 31 December 2016.

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2016 RMB'000
Share of the associates' loss and total comprehensive loss for the year	(4,229)
Aggregate carrying amount of the Group's investments in other associates	100,344

21. AVAILABLE-FOR-SALE INVESTMENTS

	Notes	2016 RMB'000	2015 RMB'000
Listed equity investments, at fair value	(1)	**781,508**	–
Unlisted equity investments, at cost	(2)	**288,582**	–
		1,070,090	–

During the year, the gross gain in respect of the Group's available-for-sale investments recognised in other comprehensive income amounted to RMB292,793,000 (2015: nil).

The above investments consist of investments in equity securities which were designated as available-for-sale financial assets.

Notes:

(1) At 31 December 2016, the balance includes the Group's investments in 50,093,000 shares of Guodian Technology & Environment Group Corporation Limited*（國電科技環保集團股份有限公司）(01296.HKEX), 16,962,000 shares of Riyue Heavy Industry Corporation Limited*（日月重工股份有限公司）("**Riyue Heavy**") (603218.SSE) and 4,593,000 shares of Bank of Jiangsu Corporation Limited*（江蘇銀行股份有限公司）("**Bank of Jiangsu**") (600919.SSE).

(2) The amount represents the investments in unlisted equity securities issued by private entities established in Mainland China and are held by the Group as non-current assets, which are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

22. LOAN RECEIVABLES

		2016 RMB'000	2015 RMB'000
Loan receivable – non-current	(a)	399,400	–
Loan receivables – current	(a) & (b) & (c)	328,816	–
		728,216	–

(a) The Company's subsidiary entered into an agreement on 24 June 2016, pursuant to which an entrusted loan of RMB400,000,000 was lent to an independent third party through a financial institution. The balance is unsecured, bears interest at 8.5% per annum and is repayable before 28 June 2019.

(b) The Company's subsidiary entered into an agreement on 18 October 2016, pursuant to which a loan of HK$225,000,000 (equivalent to RMB202,916,000) was lent to an independent third party. The balance is unsecured, bears interest at 5.8% per annum and is repayable before 18 April 2017.

(c) The balance of RMB125,500,000 represented the loan made to a former subsidiary of the Company, Guangzhou Fullshare Healthcare Management Co., Ltd.*（廣州豐盛健康管理有限公司）("**Guangzhou Fullshare Healthcare**") which was disposed of during the year. Details of the disposal are set out in note 48(c) to the consolidated financial statements. The balance was unsecured, interest-free and was fully repaid in March 2017.

23. DEPOSITS PAID FOR POTENTIAL ACQUISITIONS

	2016 RMB'000	2015 RMB'000
Deposits paid for potential acquisitions	33,897	360,000

On 26 May 2016, the Group entered into a letter of intent with a wholly-owned subsidiary of Nanjing Jiangong Group Co., Ltd. ("**Nanjing Jiangong**"), an entity under the control of Mr. Ji Changbin, who is the elder brother of Mr. Ji, the Company's controlling shareholder, for the potential acquisition of the entire equity interests or the entire assets of the Whisper Bay Whitsundays Pty Ltd, ATF Whisper Bay Whitsundays Unit Trust, Whisper Bay Views Pty Ltd and ATF Whisper Bay Views Unit Trust and Whisper On The Water Pty Ltd and made a refundable deposit of AUD5,934,380 (equivalent to approximately RMB29,876,000). The deposit bears interest at the prevailing deposit interest rate of banks in Mainland China and is refundable upon the expiry of a six-month exclusive negotiation period where no formal agreement has been entered into. On 25 November 2016, the Group entered into a supplemental letter of intent with Nanjing Jiangong. Pursuant to the supplemental letter, the Group and Nanjing Jiangong have mutually agreed to extend the exclusive negotiation period to 25 May 2017.

23. DEPOSITS PAID FOR POTENTIAL ACQUISITIONS *(continued)*

On 9 December 2016, the Group entered into the subscription and share sale agreement with SOX Childcare Centres Pty Ltd, an independent third party, pursuant to which the Group agreed to acquire from Sox Childcare Centres Pty Ltd as well as subscribe the new shares of Sparrow Early Learning Pty Ltd ("**Sparrow**") which represents in aggregate 90% of the issued share capital of Sparrow. As at 31 December 2016, the Group has made a deposit of AUD769,340 (equivalent to approximately RMB4,021,000) according to terms in the subscription and share sale agreement. The acquisition has not been completed as at the end of the reporting period.

On 30 November 2015, the Group entered into a letter of intent with Hainan Zhongkun Yu'an Investment Co., Ltd.* (海南中坤渝安投資有限公司) ("**Zhongkun Yu'an**"), an entity under the control of Mr. Ji, for the potential acquisition of commercial and hotel properties in the Hainan Province and made a refundable deposit of RMB360,000,000. As the Group and Zhongkun Yu'an had not entered into any legally binding formal agreement upon the expiry of the exclusive negotiation period, the Group and Zhongkun Yu'an mutually agreed to terminate the letter of intent on 19 September 2016. The Group had received the deposit and the interest from Zhongkun Yu'an in full upon the termination of the letter of intent.

24. INVENTORIES

	2016 **RMB'000**	2015 RMB'000
Raw materials	**700,288**	19,060
Work in progress	**879,116**	44,927
Finished goods	**1,065,707**	65,092
	2,645,111	129,079

25. CONSTRUCTION CONTRACTS

	2016 **RMB'000**	2015 RMB'000
Gross amount due from contract customers	**–**	40,549
Gross amount due to contract customers included in other payables	**–**	–
	–	40,549
Contract costs incurred plus recognised profits less recognised losses to date	**–**	235,531
Less: Progress billings	**–**	(194,982)
	–	40,549

26. TRADE AND BILLS RECEIVABLES

	2016 RMB'000	2015 RMB'000 (Restated)
Trade receivables	**4,025,888**	304,269
Bills receivables	**3,286,299**	–
Impairment	**(30,648)**	(28,550)
	7,281,539	275,719
For reporting purposes:		
Current portion	**7,270,482**	262,993
Non-current portion	**11,057**	12,726
	7,281,539	275,719

The Group generally allows a credit period of 180 days to its trade customers for gear products and healthcare products. Apart from that, the Group does not have a standardised and universal credit period granted to its customers for other sales, and the credit period of individual customers is considered on a case-by-case basis and stipulated in the relevant contracts, as appropriate. In view of the fact that the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade receivables are non-interest-bearing.

An aged analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and the bill's received date and net of provisions, is as follows:

	2016 RMB'000	2015 RMB'000 (Restated)
Within 90 days	**3,768,960**	73,263
91 to 180 days	**1,447,886**	172,862
181 to 365 days	**1,493,164**	16,132
Over 365 days	**571,529**	13,462
	7,281,539	275,719

26. TRADE AND BILLS RECEIVABLES *(continued)*

At 31 December 2016, retentions receivable included in trade receivables amounted to RMB294,351,000 (2015: nil), which are recoverable within terms ranging from two to five years. Included in which, retentions receivable of RMB33,946,000 were expected to be recovered after more than one year.

Included in the Group's trade and bills receivable balances are debtors with aggregate carrying amount of RMB2,145,630,000 (2015: RMB189,989,000) which are past due at the end of the reporting period against which an impairment of RMB30,648,000 (2015: RMB28,550,000) had been made under collective assessment based on ageing analysis of the trade and bills receivables. Individual impairment was not made, as these receivables relate to customers having good track record with the Group. There has not been a significant change in credit quality and the Group believes that the amounts are still recoverable as there are continuing subsequent settlements.

Ageing of trade and bills receivables which are past due, based on the overdue date and net of provision of RMB30,648,000 (2015: RMB28,550,000) under individual and collective assessment, is as follows:

	2016 **RMB'000**	2015 RMB'000 (Restated)
0 to 180 days past due	**1,680,520**	118,236
181 to 540 days past due	**355,651**	28,824
Over 540 days past due	**78,811**	14,379
	2,114,982	161,439

The movements in provision for impairment of trade and bills receivables are as follows:

	2016 **RMB'000**	2015 RMB'000 (Restated)
At beginning of year	**28,550**	22,771
Impairment losses recognised (note 7)	**2,358**	5,779
Impairment losses reversed (note 7)	**(260)**	–
	30,648	28,550

26. TRADE AND BILLS RECEIVABLES *(continued)*

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	2016 RMB'000	2015 RMB'000 (Restated)
Neither past due nor impaired	**5,166,557**	112,695
0 to 180 days past due	**–**	773
181 to 540 days past due	**–**	812
	5,166,557	114,280

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

Transfers of financial assets

The following were the Group's bills receivable accepted by banks in Mainland China (the "**Endorsed Bills**") that were endorsed to certain of the Group's suppliers in order to settle the trade payables due to such suppliers (the "**Endorsement**"). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties.

26. TRADE AND BILLS RECEIVABLES *(continued)*

Transfers of financial assets *(continued)*

Bills receivable endorsed to suppliers with full recourse are as follows:

	2016 RMB'000	2015 RMB'000
Carrying amount of transferred assets	99,080	–
Carrying amount of associated liabilities	(99,080)	–
Net position	–	–

In addition to the above, as at 31 December 2016, the Group discounted certain bills receivable accepted by banks in Mainland China (the "**Derecognised Bills**") to banks and transferred certain bills receivables to its suppliers to settle its payables through endorsing the bills to its suppliers, both with full recourse. The Derecognised Bills had a maturity of one to twelve months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the issuing banks default (the "**Continuing Involvement**"). The Group has derecognised these bills receivable and the payables to issuing suppliers in their entirety as in the opinion of the directors of the Company, the Group has transferred substantially all the risks and rewards of ownership of these bills and has discharged its obligation of the payables to its suppliers under the relevant PRC practice, rules and regulations. In the opinion of the directors of the Company, the Group has limited exposure in respect of the settlement obligation of these bills receivable under relevant PRC rules and regulations should the issuing banks fail to settle the bills on maturity date. The Group considered the issuing banks of the bills are of good credit quality and the non-settlement of these bills by the issuing banks on maturity is not probable.

As at 31 December 2016, the Group's maximum exposure to loss and cash outflow from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills, which is the same as the amount payable by the Group to collecting banks or the suppliers in respect of the Derecognised Bills, should the issuing banks fail to settle the bills on maturity date, amounted to RMB2,344,000,000 and RMB2,134,665,000, respectively (2015: nil). In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

During the year ended 31 December 2016, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The discount and endorsement have been made evenly throughout the year.

Included in the Group's trade and bills receivables are amounts due from the Group's joint ventures and associates of RMB21,090,000 (2015: nil) and RMB3,413,000 (2015: nil), respectively, which are unsecured, interest free and repayable on credit terms similar to those offered to the major customers of the Group.

27. TAX PREPAID, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

(a) TAX PREPAID

	2016 RMB'000	2015 RMB'000 (Restated)
Tax prepaid	**41,097**	16,213

(b) PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2016 RMB'000	2015 RMB'000 (Restated)
Prepayments	**1,338,471**	136,122
Other receivables*	**551,524**	–
Deposits and other receivables	**514,106**	50,157
VAT recoverable	**131,684**	–
Other tax prepaid	**61,383**	80,265
Amounts due from joint ventures**	**191,156**	–
Amounts due from associates**	**713,016**	–
	3,501,340	266,544
For reporting purposes:		
Current portion	**2,754,684**	212,032
Non-current portion	**746,656**	54,512
	3,501,340	266,544

* At 31 December 2016, the amount represents an advance made to an insurance company in the PRC, which will mature in 2018, and carries interest at an annualised fixed rate at 6.33% per annum. Interest and the principal amount are repayable at the maturity date. It is stated at amortised cost less impairment, if any, at the end of the reporting period.

** All the amounts due from the Group's joint ventures and associates are unsecured, interest-free and repayable within 180 days.

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

28. FINANCIAL ASSETS HELD FOR TRADING

The balances as at 31 December 2016 and 2015 represent the fair values of equity shares of a portfolio of Hong Kong listed securities based on the closing prices of these securities quoted on Hong Kong Stock Exchange on those dates. The directors of the Company consider that the closing prices of these securities are the fair value of the investments.

	2016 RMB'000	2015 RMB'000
Listed equity investments, at market value		
Zall Group Ltd. ("**Zall Group**") (02098.HKEX)*	**5,125,172**	1,598,115
China Saite Group Company Limited (00153.HKEX)	**96,844**	–
Nanjing Sinolife United Company Limited (03332.HKEX)	**67,809**	–
C&D International Investment Group Limited (01908.HKEX)	**184,657**	–
Medicskin Holdings Limited (08307.HKEX)	**62,632**	–
	5,537,114	1,598,115

* Up to the date of approval of these consolidated financial statements, there were no addition or disposal of Zall Group. The market value of the Group's equity investments in Zall Group at the date of approval of the consolidated financial statements was approximately RMB4,056,517,000. In accordance with the respective accounting policy, the change in fair value will be recognised in profit or loss subsequent to the year end.

29. FINANCIAL ASSETS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS

		2016 RMB'000	2015 RMB'000
Contractual right in relation to a listed entity, at fair value	(a)	**526,351**	–
Investment-linked insurance policy, at fair value	(b)	**–**	10,419
		526,351	10,419

Notes:

(a) On 12 August 2016, the Group entered into an agreement with Xizang Ruihua Capital Management Co., Ltd.*（西藏瑞華投資管理有限公司）("**Xizang Ruihua**") and Jiangsu Ruihua Investment Holdings Group Co., Ltd.*（江蘇瑞華投資控股集團有限公司）("**Jiangsu Ruihua**") to acquire certain income right of the restricted shares of Bohai Jinkong Investment Group Co., Ltd.*（渤海金控投資股份有限公司 000415.SZ）("**Bohai Jinkong**"), held by Xizang Ruihua. The financial assets were revalued on 31 December 2016 based on valuations performed by Avista Valuation Advisory Limited, independent professionally qualified valuers, at RMB526,351,000. During the year ended 31 December 2016, the unrealised gain arising from holding this investment amounted to approximately RMB26,351,000 was recorded and included in fair value change in financial instruments.

(b) During the year ended 31 December 2015, the Group has entered into an investment-linked insurance policy with an insurance company to insure certain key employees of a subsidiary of the Group, under which the Group is the beneficiary and policy holder for a one-off payment of RMB10,000,000. The Group designated this insurance policy as a financial asset at fair value through profit or loss at initial recognition. As at 31 December 2015, the fair value of this policy was approximately RMB10,419,000 with the unrealised gain amounting to approximately RMB419,000 recorded and included in fair value change in financial instruments. During the year ended 31 December 2016, the investment has been derecognised due to the disposal of Fullshare Green Building Group Company Limited*（豐盛綠建集團有限公司）and its subsidiaries (collectively referred as "Fullshare Lujian Group"). Details of the disposal are set out in note 48 to the consolidated financial statements.

30. PROPERTIES UNDER DEVELOPMENT

	2016 RMB'000	2015 RMB'000
At the beginning of the year	**2,379,083**	2,540,309
Additions	**1,205,514**	1,315,348
Acquisition of subsidiaries (note 46)	**–**	2,830,689
Interest capitalised (note 8)	**34,217**	66,400
Disposal of subsidiaries (note 48)	**–**	(2,819,932)
Transferred to properties held for sale	**(2,147,811)**	(1,553,731)
At the end of the year	**1,471,003**	2,379,083

	2016 RMB'000	2015 RMB'000
Represented by:		
Land use rights	**355,770**	789,544
Construction costs and capitalised expenditure	**1,115,233**	1,589,539
	1,471,003	2,379,083

According to the accounting policy of the Group, properties under development are classified as current assets as the construction period of the relevant property development projects are expected to be completed in the normal operating cycle.

The carrying amount of properties under development of approximately RMB314,738,000 (2015: RMB430,571,000) as at 31 December 2016 is expected not to be realised within the next twelve months from the end of the reporting period.

31. PROPERTIES HELD FOR SALE

The Group's properties held for sale are situated on leasehold land in Mainland China. All the properties held for sale are stated at cost.

32. CASH AND CASH EQUIVALENTS, PLEDGED DEPOSITS AND STRUCTURED BANK DEPOSITS

(a) Cash and cash equivalents and pledged deposits

	Notes	2016 RMB'000	2015 RMB'000
Cash and bank balances		**3,916,983**	1,274,233
Time deposits		**2,528,915**	–
		6,445,898	1,274,233
Less: Pledged time deposits and bank balances:			
Pledged for bank facilities		**(2,545,444)**	–
Pledged for convertible bonds	i)	**(22,272)**	–
Pledged for bills payable	ii)	**(14,114)**	(33,682)
		(2,581,830)	(33,682)
Cash and cash equivalents		**3,864,068**	1,240,551

Notes:

i) Pursuant to the Fixed and Floating Security Deed entered into between the Group and the subscribers of the convertible bonds (note 38), bank deposit amounting to RMB22,272,000 as at 31 December 2016 (2015: nil) was pledged in favour of the subscriber prior to the conversion of underlying convertible bonds.

ii) Deposits of RMB14,114,000 (2015: RMB33,682,000) have been pledged to secure bills payable as at 31 December 2016.

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("**RMB**") amounted to RMB2,825,724,000 (2015: RMB711,404,000). The RMB is not freely convertible into other currencies, however, subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

32. CASH AND CASH EQUIVALENTS, PLEDGED DEPOSITS AND STRUCTURED BANK DEPOSITS *(continued)*

(b) Structured bank deposits ("SBDs")

At the end of the reporting period, SBDs represent financial instruments placed by the Group to various banks in Mainland China for a term within one year. The SBDs contain embedded derivatives representing return which would vary with market exchange rates or investment return. Considering the principal-protected nature or short maturity of the deposits, the Directors consider that the fair value of the embedded derivatives is minimal and hence no derivative financial instrument is recognised. The SBDs were fully redeemed subsequent to the year end and the changes on redeemed amounts are not significant.

33. TRADE AND BILLS PAYABLES

	2016 RMB'000	2015 RMB'000 (Restated)
Trade payables	**2,182,270**	459,453
Bills payables	**4,688,610**	42,503
	6,870,880	501,956

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date and the date of issurance of the bills, is as follows:

	2016 RMB'000	2015 RMB'000 (Restated)
Within 3 month	**5,110,906**	262,215
3 to 6 months	**1,273,637**	137,456
6 to 12 months	**195,564**	81,031
Over 1 year	**290,773**	21,254
	6,870,880	501,956

Included in the trade and bills payables are trade payables of RMB91,770,000 (2015: nil) due to associates and RMB194,000 (2015: nil) due to joint ventures which are repayable within 90 days, which represents credit terms similar to those offered by the joint ventures or associates to their major customers.

The trade payables are non-interest-bearing and are normally settled on terms of 90 to 180 days.

34. OTHER PAYABLES AND ACCRUALS

	2016 RMB'000	2015 RMB'000 (Restated)
Accruals	1,107,783	582,019
Amounts due to joint ventures	31,096	–
Amounts due to associates	28,208	–
Due to other related parties	4,701	293
Other tax payables	95,618	26,597
Payroll and welfare payables	190,746	173
Other payables	424,751	62,217
Payables for purchase of property, plant and equipment	140,008	–
	2,022,911	671,299

All the amounts due to joint ventures, associates and other related parties, other tax payables, other payables and payables for purchase of property, plant and equipment are unsecured, interest-free and repayable within 180 days.

35. RECEIPTS IN ADVANCE AND DEPOSITS RECEIVED

Receipts in advance and deposits received represent sales proceeds received from customers in connection with the Group's pre-sale of properties and deposits received for the group's business.

	2016 RMB'000	2015 RMB'000 (Restated)
Receipts in advance in connection with the Group's pre-sale of properties	973,309	1,230,212
Deposits received in connection with the Group's other businesses	448,054	73,526
	1,421,363	1,303,738

36. DEFERRED INCOME

At the end of the reporting period, the amount represents the grants received from the PRC government for the Group's acquisition of assets for technology development, and will be released to income over the useful lives of the relevant assets.

37. BANK AND OTHER BORROWINGS

	2016			2015		
	Effective interest rate (%)	**Maturity**	**RMB'000**	Effective interest rate (%)	Maturity	RMB'000 (Restated)
Current						
Bank loans – unsecured	**4.57-6.69**	**2017**	**2,734,923**	6.69	2016	2,200
Bank loans – secured	**1.48-8.14**	**2017**	**2,818,949**	5.89-7.20	2016	176,280
Guaranteed listed bonds (note)	**9.77**	**2017**	**260,694**	–	–	–
Other borrowings – unsecured	**1.19**	**2017**	**142,200**	5.70	2016	20,000
Other borrowings – secured	**–**	**–**	**–**	5.35-7.53	2016	300,000
Current portion of long term loans						
Bank loans – secured	**5.94-6.18**	**2017**	**215,000**	6.17-6.18	2016	305,000
Other borrowings – secured	**2.99-13.21**	**2017**	**2,075**	2.72-13.21	2016	10,875
Loan from related parties – unsecured	**–**	**2017**	**52,094**	–	–	–
			6,225,935			814,355
Non-current						
Medium term notes – unsecured	**6.20-8.50**	**2018-2019**	**1,000,000**	–	–	–
Bank loans – secured	**4.90-6.18**	**2018-2026**	**1,729,983**	6.18	2017-2025	131,250
Other borrowings – secured	**–**	**–**	**–**	2.99-13.21	2017	1,665
Other borrowings – unsecured	**4.75**	**2018**	**20,000**	5.00	2017	30,000
			2,749,983			162,915
			8,975,918			977,270

As at 31 December 2016, the Group's borrowings denominated in currency other than RMB were US$20,000,000 (2015: nil) and HK$455,522,000 (2015: nil) which were equivalent to RMB138,740,000 and RMB409,919,000, respectively (2015: nil). All other borrowings were denominated in RMB.

Note: In November 2014, CHS issued guaranteed bonds (the "**Guaranteed Bonds**"), which are listed on the HKEX, with a principal amount of RMB650,000,000 (of which RMB385,370,000 was repurchased by CHS during the year ended 31 December 2015) bearing interest at the coupon rate of 8.3% per annum, which will mature on 19 November 2017. The Guaranteed Bonds are guaranteed by subsidiaries of the Group, namely Goodgain Group Limited and China Transmission Holdings Limited. Subsequent to the year ended 31 December 2016, certain holders of the Guaranteed Bonds redeemed principal amount of RMB151,590,000 Guaranteed Bonds, and the redemption was completed on 12 January 2017. The aggregate amount of consideration paid by the Group in relation to the redemption was approximately RMB154,898,000. Subsequent to the redemption, the principal of the Guaranteed Bonds remains outstanding is RMB113,040,000, and such outstanding Guaranteed Bonds remains listed on the HKEX.

37. BANK AND OTHER BORROWINGS *(continued)*

	2016 RMB'000	2015 RMB'000 (Restated)
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**5,768,872**	483,480
In the second year	**471,841**	15,000
In the third to fifth years, inclusive	**356,125**	45,000
Beyond five years	**902,017**	71,250
	7,498,855	614,730
Other borrowings repayable:		
Within one year	**457,063**	330,875
In the second year	**520,000**	31,665
In the third to fifth years, inclusive	**500,000**	–
	1,477,063	362,540
	8,975,918	977,270

Notes:

Certain of the Group's bank loans are secured by:

(i) mortgages over the Group's investment properties, which had an aggregate carrying value at the end of the reporting period of RMB2,347,014,000 (2015: RMB313,000,000);

(ii) mortgages over the Group's properties under development, which had an aggregate carrying value at the end of the reporting period of approximately RMB487,620,000 (2015: RMB288,596,000);

(iii) the pledge of certain of the Group's bank deposits amounting to RMB2,545,444,000 (2015: nil);

(iv) the pledge of certain of the Group's trade and bills receivables amounting to RMB1,292,704,000 (2015: RMB101,051,000);

(v) the pledge of the Group's property, plant and equipment amounting to RMB114,750,000 (2015: nil);

(vi) the pledge of the Group's prepaid land lease payments amounting to RMB178,482,000 (2015: nil);

(vii) the pledge of the Group's held-for-trading financial assets amounting to RMB2,459,408,000 (2015: nil); and

(viii) mortgages over the Group's properties held for sale, which had an aggregate carrying value of approximately RMB649,503,000 at 31 December 2015.

38. CONVERTIBLE BONDS

On 7 September 2016, the Group entered into a subscription agreement with Macquarie Bank Limited (the "**Subscriber**") to issue zero coupon convertible bonds (the "**Notes**") in an aggregate principal amount of HK$350,000,000 with five sub-tranches of HK$70,000,000 each. The issue price is 99% of the principal amount of the Notes. The Notes are convertible at the option of the Subscribers into ordinary shares within one year plus five business days after all conditions precedent under the subscription agreement are satisfied (the "**Maturity Date**") on the basis of one ordinary share for 95% of the volume weighted average price of the Group's shares as traded on the Hong Kong Stock Exchange on the trading day immediately preceding the conversion date.

The Notes are redeemable at the option of the Company at a price at 99% of the Notes' principal amount. Any Notes not converted will be redeemed at 99% of its principal amount on the Maturity Date. Details of the Notes were set out in the Company's announcement dated 7 September 2016. The Group agreed to issue and the Subscriber agreed to subscribe and pay for the first sub-tranche of the Notes on the fifth business day after all conditions of the Notes have been satisfied. The Group is obliged to issue and the Subscriber is obliged to subscribe and pay for, within 5 trading days after conversion of all the Notes of the immediately preceding sub-tranche, the next succeeding sub-tranche of the Notes. During the year, two sub-tranches of the Notes have been issued and fully converted. As at 31 December 2016, the balance represents the outstanding third sub-tranche of the Notes with a principal amount of HK$25,000,000.

The Notes issued during the year have been split into the liability and derivative components as follows:

	Debt component (Note a) RMB'000	**Derivative component (Note b)** RMB'000	**Total** RMB'000
Initial recognition upon issuance of the Notes	174,937	8,916	183,853
Interest expense recorded in finance costs (note 8)	2,412	–	2,412
Changes in fair value of the derivative component of the Notes (note 5)	–	10,745	10,745
Conversion (note c)	(156,538)	(16,764)	(173,302)
Exchange realignment	(25)	(2)	(27)
As at 31 December 2016	20,786	2,895	23,681
Proceeds from issuance of the Notes			183,853
Less: Cash pledged at banks (note 32)			(22,272)
Net cash proceeds from issuance of the Notes			161,581

38. CONVERTIBLE BONDS *(continued)*

(a) The debt component was initially recognised at its fair value, which was the residual amount after deducting the fair value of the embedded financial derivatives from the net proceeds at initial recognition, and it is subsequently carried at amortised cost.

(b) Embedded financial derivatives comprise the fair value of the option of the Subscribers to convert the Notes into ordinary shares of the Company at the conversion price and the fair value of the option of Subscribers to require the Company to redeem the Notes under specific event. These embedded options are interdependent. Therefore, they are not able to be accounted for separately and a single compound derivative was recognised.

(c) During the year ended 31 December 2016, the Notes were converted into an aggregate of 44,190,000 shares of the Company.

39. CORPORATE BONDS

On 8 December 2014, the Company issued a six-year semi-annual coupon corporate bond with a principal amount of HK$10,400,000 (equivalent to approximately RMB8,268,000) carrying interest at 7% per annum, before direct issue cost of approximately RMB1,262,000. The effective interest rate as at 31 December 2016 is 9.6% (2015: 9.6%).

	RMB'000
At 1 January 2015	7,127
Imputed interest	741
Interest paid	(579)
Exchange difference recognised in profit or loss	505
At 31 December 2015 and 1 January 2016	7,794
Imputed interest	807
Interest paid	(621)
Exchange difference recognised in profit or loss	459
At 31 December 2016	8,439

	2016 RMB'000	2015 RMB'000
Analysed for reporting purposes as:		
Current liabilities (included in other payables and accruals)	**52**	51
Non-current liabilities	**8,387**	7,743
	8,439	7,794

40. OBLIGATIONS UNDER FINANCE LEASES

The Group leases certain of its plant and machinery for its new energy business. These leases are classified as finance leases and have remaining lease terms for six months.

Interest rate is carried at 8.51% per annum.

The Group has the option to purchase property, plant and equipment for a notional amount at the end of the lease term. No arrangements have been entered into for contingent rental payment.

At 31 December 2016, the total future minimum lease payments under finance leases and their present values were as follows:

	Minimum lease payments 2016 RMB'000	Minimum lease payments 2015 RMB'000	Present value of minimum lease payments 2016 RMB'000	Present value of minimum lease payments 2015 RMB'000
Amounts payable:				
Within one year	7,170	–	7,007	–
Total minimum finance lease payments	7,170	–	7,007	–
Future finance charges	(163)	–		
Total net finance lease payables	7,007	–		
Portion classified as current liabilities	(7,007)	–		
Non-current portion	–	–		

41. WARRANTY PROVISION

	Product warranties RMB'000
At 1 January 2015	–
Additional provision	1,475
At 31 December 2015, classified as current liabilities	1,475
At 1 January 2016	1,475
Acquisition of subsidiaries (note 46(c))	101,123
Additional provision	11,485
Amounts utilised during the year	(9,886)
At 31 December 2016, classified as current liabilities	104,197

The Group provides product warranties to its customers on certain of its healthcare equipment and gear products, under which faulty products are repaired or replaced. The amount of the provision for the warranties is estimated based on sales volumes and past experience of the level of repairs and returns. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

42. DEFERRED TAX

(a) Details of the deferred tax assets recognised in the consolidated statement of financial position and movements during the year are as follows:

	Tax losses RMB'000	Unrealised profit arising from intra-group transactions RMB'000	Write-down of inventories RMB'000	Impairment of trade receivables RMB'000	Other payables and accrued expenses RMB'000	Deferred income arising from land resumption RMB'000	LAT RMB'000	Others RMB'000	Total RMB'000
At 1 January 2016	512	–	–	5,361	8,808	–	28,826	503	44,010
Acquisition of subsidiaries (note 46(c))	7,430	1,333	47,237	60,252	36,276	27,109	–	–	179,637
Disposal of subsidiaries (note 48(a))	(380)	–	–	–	–	–	–	–	(380)
Deferred tax credited/(charged) to profit or loss during the year	5,792	1,605	(262)	353	2,186	–	17,057	2,105	28,836
Gross deferred tax assets at 31 December 2016	13,354	2,938	46,975	65,966	47,270	27,109	45,883	2,608	252,103

	Tax losses RMB'000	Impairment of trade receivables RMB'000	Other payables and accrued expenses RMB'000	LAT RMB'000	Others RMB'000	Total RMB'000
At 1 January 2015	2,306	3,418	6,557	31,305	851	44,437
Acquisition of subsidiaries (note 46)	2,531	–	9,435	–	–	11,966
Disposal of subsidiaries (note 48)	(5,084)	–	(9,435)	–	–	(14,519)
Deferred tax credited/(charged) to profit or loss during the year	759	1,943	2,251	(2,479)	(348)	2,126
Gross deferred tax assets at 31 December 2015	512	5,361	8,808	28,826	503	44,010

The Group has tax losses of RMB1,129,499,000 (2015: RMB8,528,000) arising from Mainland China that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of the losses of RMB1,076,083,000 (2015: RMB6,480,000) as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

42. DEFERRED TAX *(continued)*

(b) Details of the deferred tax liabilities recognised in the consolidated statement of financial position and movements during the year are as follows:

	Change in fair value of identified assets upon acquisition of subsidiaries RMB'000	Temporary difference between accounting basis and tax basis of investment properties RMB'000	LAT RMB'000	Change in fair value of financial assets RMB'000	Withholding taxes RMB'000	Development cost RMB'000	Others RMB'000	Total RMB'000
At 1 January 2016	171,114	75,529	–	147,725	–	–	–	394,368
Acquisition of subsidiaries (note 46)	666,586	276,873	–	95,585	44,397	18,263	832	1,102,536
Deferred tax (credited)/charged to profit or loss during the year	(229,897)	1,805	–	557,154	14,797	(3,555)	3,933	344,237
Deferred tax charged to other comprehensive income during the year	–	–	–	73,198	–	–	–	73,198
Exchange realignment	–	–	–	34,865	–	–	–	34,865
Gross deferred tax liabilities at 31 December 2016	607,803	354,207	–	908,527	59,194	14,708	4,765	1,949,204
At 1 January 2015	40,339	331	2,186	–	–	–	–	42,856
Acquisition of subsidiaries (note 46)	328,409	–	–	43,033	–	–	–	371,442
Disposal of subsidiaries (note 48)	(33,109)	–	(2,188)	–	–	–	–	(35,297)
Transfer from properties held for sale to investment properties	(6,729)	6,729	–	–	–	–	–	–
Deferred tax (credited)/charged to profit or loss during the year	(157,796)	68,469	2	102,412	–	–	–	13,087
Exchange realignment	–	–	–	2,280	–	–	–	2,280
Gross deferred tax liabilities at 31 December 2015	171,114	75,529	–	147,725	–	–	–	394,368

42. DEFERRED TAX *(continued)*

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2016	2015
	RMB'000	RMB'000
		(Restated)
Net deferred tax assets recognised in the consolidated statement of financial position	**210,070**	28,043
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(1,907,171)**	(378,401)
	(1,697,101)	(350,358)

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the application rate is 5%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

No deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings of RMB7,899,277,000 as at 31 December 2016 (31 December 2015: RMB698,336,000) that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future.

43. SHARE CAPITAL

	2016	2015
	RMB'000	RMB'000
Authorised		
40,000,000,000 (2015: 20,000,000,000) ordinary shares of HK$0.01 each	**314,492**	170,061

Shares

	2016	2015
	RMB'000	RMB'000
Issued and fully paid:		
19,729,061,731 (2015: 15,638,107,500) ordinary shares of HK$0.01 each	**161,084**	124,942

43. SHARE CAPITAL *(continued)*

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital RMB'000
At 1 January 2015	13,570,000,000	107,930
Issuance upon acquisition of subsidiaries	1,619,390,000	13,239
Issuance under placing	448,717,500	3,773
At 31 December 2015 and 1 January 2016	15,638,107,500	124,942
Issuance upon acquisition of subsidiaries (note 46)	3,389,641,731	30,094
Issuance upon conversion of convertible bonds (a) & (note 38(c))	44,190,000	391
Issuance upon acquisition of an associate (b)	118,765,000	1,017
Issuance under placing (c)	538,357,500	4,640
At 31 December 2016	19,729,061,731	161,084

Notes:

(a) On 7 September 2016, the Company entered into a subscription agreement with Macquarie Bank Limited (the "**MBL**") to issue zero coupon convertible bonds in an aggregate principal amount of HK$350,000,000 with five sub-tranches of HK$70,000,000 each. The issue price is 99% of the principal amount of the convertible bonds. During the year ended 31 December 2016, two sub-tranches of the convertible bonds have been converted to 44,190,000 ordinary shares for net cash proceeds of approximately RMB161,581,000.

(b) On 23 June 2016, the Company issued 118,765,000 ordinary shares of HK$0.01 each as partial consideration for the acquisition of an approximately 23% interest in Hin Sang.

(c) On 29 September 2016, the Company issued 538,357,500 ordinary shares of HK$0.01 each for HK$3.715 each, raising proceeds of HK$1,999,998,000 (equivalent to approximately RMB1,723,617,000), before issue costs.

44. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 123 of the consolidated financial statements.

(a) Equity reserve

Equity reserve represented (i) the difference between the paid-in capital of Nanjing Fullshare Asset Management Limited*（南京豐盛資產管理有限公司）("**Nanjing Fullshare Asset Management**") and the carrying amount of ordinary share capital of the Company immediately before the completion of the reverse takeover transaction during the year ended 31 December 2013 and (ii) the difference between deemed consideration given by Nanjing Fullshare Asset Management and the nominal value of ordinary shares of the Company issued in respect of the reverse takeover transaction.

44. RESERVES *(continued)*

(b) Statutory surplus reserve

In accordance with the PRC Company Law and the PRC subsidiaries' articles of association, a subsidiary registered in the PRC as a domestic company is required to appropriate 10% of its annual statutory net profit as determined in accordance with relevant statutory rules and regulations applicable to enterprises established in the PRC (after offsetting any prior years' losses) to the statutory reserve. When the balance of such reserve fund reaches 50% of the entity's capital, any further appropriation is optional. The statutory reserve can be utilised to offset prior years' losses or to increase capital. However, such balance of the statutory reserve must be maintained at a minimum of 25% of the capital after such usages.

(c) Merger reserve

The merger reserve of the Group arose as a result of the acquisitions of subsidiaries under common control and represented the difference between the consideration paid for the acquisitions and the carrying amount of the net assets of the subsidiaries at the date when the Group and the acquired subsidiaries became under common control.

(d) Other reserve

Other reserve represents (i) the gains/(losses) arising from transactions with non-controlling interests, (ii) the difference between the fair value of consideration paid for the acquisition of the assets through acquisition of subsidiaries from the owners of the Company and the fair value of the assets acquired at the date of acquisition and (iii) the amount due to the controlling shareholder waived by Mr. Ji and capitalised as capital contribution.

45. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2016
Percentage of equity interest held by non-controlling interests:	
CHS	26.09%

	2016 RMB'000
Total comprehensive income for the year allocated to non-controlling interests:	
CHS	27,152
Accumulated balances of non-controlling interests at the reporting date:	
CHS	3,389,196

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

CHS

	For the period from acquisition to 31 December 2016 RMB'000
Revenue	916,079
Total expenses	(1,016,288)
Loss for the period	(100,209)
Total comprehensive income for the period	119,386
Current assets	17,585,036
Non-current assets	11,025,987
Current liabilities	(13,495,451)
Non-current liabilities	(2,140,029)
Net cash flows from operating activities	648,528
Net cash flows used in investing activities	(143,444)
Net cash flows used in financing activities	(499,374)
Net increase in cash and cash equivalents	5,710

46. BUSINESS COMBINATION NOT UNDER COMMON CONTROL

For the year ended 31 December 2016

(a) Acquisition of Five Seasons IX Limited and its wholly-owned subsidiaries, Guangzhou Haizhu District Life-infinity Medical Clinic Limited*（廣州市海珠區生命匯醫療門診有限公司）, Guangzhou Life-infinity Catering Management Limited*（廣州市生命匯飲食管理有限公司）, Guangzhou Life-Infinity Fitness Centre Limited*（廣州市生命匯健身中心有限公司）, Wise Gold Investment Limited*（睿金投資有限公司）and Guangzhou Human Software Development Company Limited*（廣州人力網絡軟件開發有限公司）(collectively referred to as "Five Seasons IX")

On 18 May 2016, the Group acquired 51% of the equity interests in Five Seasons IX Limited from Mr. Deng Xiaoxiong（鄧小雄）, an independent third party before the acquisition, at a cash consideration of RMB1,581,000. In addition, the Group assumed the shareholder's loan by Five Seasons IX amounting to RMB35,700,000. Five Seasons IX is principally engaged in providing high-end healthcare services. The acquisition was made as part of the Group's strategy to expand the healthcare business. The acquisition has been accounted for using the acquisition method. The Group has elected to measure the non-controlling interest in Five Seasons IX Limited at the non-controlling interest's proportionate share of Five Seasons IX Limited's identifiable net assets. The financial statements include the results of Five Seasons IX since the acquisition date.

The fair values of the identifiable assets and liabilities of Five Seasons IX as at the date of acquisition were as follows:

	Fair value recognised on acquisition RMB'000
Property, plant and equipment (note 14)	42,011
Other intangible assets (note 18)	23,000
Cash and cash equivalents	1,097
Trade receivables	77
Other receivables	2,921
Other payables and accruals	(12,769)
Bank and other borrowings	(71,239)
Receipts in advance	(3,833)
Deferred tax liabilities (note 42(b))	(3,935)
Taxation payable	(3,412)
Total identifiable net liabilities at fair value	(26,082)
Add: non-controlling interests	12,780
Goodwill arising on acquisition (note 17)	14,883
Total consideration settled by cash	1,581
Analysis of cash flows on acquisition:	
Cash acquired with the subsidiaries	1,097
Cash paid	(1,581)
Net cash flow on acquisition included in cash flow from investing activities	(484)
Transaction costs of the acquisition included in cash flows from operating activities	(128)
	(612)

46. BUSINESS COMBINATION NOT UNDER COMMON CONTROL *(continued)*

For the year ended 31 December 2016 *(continued)*

(a) Five Seasons IX *(continued)*

From the date of acquisition, Five Seasons IX has contributed RMB8,725,000 to the Group's revenue and net loss of RMB10,097,000 to the Group for the year ended 31 December 2016. Had the combination taken place at the beginning of the year, the revenue of the Group and the profit of the Group for the year ended 31 December 2016 would have been RMB4,315,031,000 and RMB3,021,520,000, respectively.

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to RMB77,000 and RMB2,921,000, respectively. The gross contractual amounts of trade receivables and other receivables were RMB77,000 and RMB2,921,000, respectively.

Goodwill which arose on the acquisition included a control premium. The consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development of Five Seasons IX. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. The goodwill is not deductible for income tax purposes.

Transaction costs of RMB128,000 have been expensed and are included in administrative expenses in profit or loss and are part of operating cash flows in the consolidated statement of cash flows.

(b) Acquisition of High Access International Investments Limited and its wholly-owned subsidiaries, Nanjing Deying Property Limited*（南京德盈置業有限公司）, Frontier Rich Investment Limited and High Access International Investments Limited (collectively referred to as "High Access")

On 7 September 2016, the Group acquired 100% of the equity interests in High Access from Mr. Li Changming, an independent third party, at a consideration of RMB1,296,872,000, which was determined by Avista, independent professionally qualified valuer, by reference to a total of 341,555,000 shares of the Company to be issued for this acquisition and the closing price of the Company's shares at the date of completion. For the purpose of purchase price allocation, it was taking the view that the repayment of interest-free liabilities of Frontier Rich Investment Limited in the principal amount of RMB650,000,000 by the vendor shortly after the date of completion, which was considered by management as part of the acquisition rather than a separate transaction, had been made at the date of completion. Accordingly, the respective payable was excluded from the identifiable assets and liabilities below. High Access is principally engaged in holding and operating a commercial property located in Nanjing, Jiangsu Province, the PRC. The acquisition was made as part of the Group's strategy to expand the commercial property business. The acquisition has been accounted for using the acquisition method. The consolidated financial statements include the results of High Access since the acquisition date.

46. BUSINESS COMBINATION NOT UNDER COMMON CONTROL *(continued)*

For the year ended 31 December 2016 *(continued)*

(b) High Access *(continued)*

The fair values of the identifiable assets and liabilities of High Access as at the date of acquisition were as follows:

	Fair value recognised on acquisition RMB'000
Property, plant and equipment (note 14)	1,111
Investment properties (note 15)	2,132,000
Cash and cash equivalents	14,650
Structured bank deposits	10,000
Prepayments, deposits and other receivables	128,520
Properties held for sales	1,878
Trade receivables	70,896
Bank and other borrowings	(560,000)
Trade payables	(18,674)
Receipts in advance	(60)
Other payables and accruals	(62,306)
Taxation payable	(140,518)
Deferred tax liabilities (note 42(b))	(276,873)
Total identifiable net assets at fair value	1,300,624
Gain on a bargain purchase	(3,752)
Total consideration	1,296,872
Analysis of cash flows on acquisition:	
Cash acquired with the subsidiaries	14,650
Cash paid	–
Net cash flow on acquisition included in cash flow from investing activities	14,650
Transaction costs of the acquisition included in cash flows from operating activities	(300)
	14,350

46. BUSINESS COMBINATION NOT UNDER COMMON CONTROL *(continued)*

For the year ended 31 December 2016 *(continued)*

(b) High Access *(continued)*

From the date of acquisition, High Access has contributed RMB37,906,000 to the Group's revenue and RMB17,254,000 of net profit to the Group for the year ended 31 December 2016. Had the combination taken place at the beginning of the year, the revenue of the Group and the profit of the Group for the year ended 31 December 2016 would have been RMB4,478,779,000 and RMB3,074,916,000, respectively.

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to RMB70,896,000 and RMB127,741,000, respectively. The gross contractual amounts of trade receivables and other receivables were RMB70,896,000 and RMB127,741,000, respectively.

Transaction costs of RMB300,000 have been expensed and are included in administrative expenses in profit or loss and are part of operating cash flows in the consolidated statement of cash flows.

(c) Acquisition of CHS which constituted a very substantial acquisition transaction

On 19 September 2016, the Group made a joint announcement with CHS for the voluntary conditional share exchange offer to acquire all of the issued shares of CHS (other than the 9.08% shares already owned by Mr. Ji). The offer became unconditional in all respects on 21 November 2016 ("**First Closing Date**").The share exchange was completed on 30 November 2016 for the valid acceptances received on the First Closing Date. On 5 December 2016, the Group closed the offer with the result of acquisition of 73.91% of issued shares of CHS. The Group has issued 3,021,444,231 shares in aggregate at a consideration of RMB10,925,766,000, which was determined by reference to the closing market prices of the Company's shares at the date of issuance. CHS is principally engaged in the manufacturing and sale of gear products that are used in wind power and a wide range of industrial applications. The acquisition was made as part of the Group's strategy to enter into the wind power sector in the PRC. The acquisition has been accounted for using the acquisition method. The Group has elected to measure the non-controlling interest in CHS at the non-controlling interest's proportionate share of CHS's identifiable net assets. The consolidated financial statements include the results of CHS since the acquisition date.

46. BUSINESS COMBINATION NOT UNDER COMMON CONTROL *(continued)*

For the year ended 31 December 2016 *(continued)*

(c) CHS *(continued)*

The fair values of the identifiable assets and liabilities of CHS as at the date of acquisition were as follows:

	Acquiree's provisional fair value recognised on acquisition RMB'000
Property, plant and equipment (note 14)	5,857,772
Prepaid land lease payments (note16)	1,417,270
Other intangible assets (note 18)	810,000
Investments in joint ventures	107,281
Investments in associates	158,303
Available-for-sale investments	888,789
Deferred tax assets (note 42(a))	179,637
Inventories	3,007,306
Trade and bills receivables	7,149,625
Prepayments, deposits and other receivables	4,306,021
Pledged bank deposits	2,698,331
Cash and cash equivalents	2,739,313
Trade and bills payables	(6,405,024)
Bank and other borrowings	(6,946,154)
Warranty provision (note 41)	(101,123)
Other payables and accruals	(1,915,875)
Obligations under finance leases	(14,188)
Deferred tax liabilities (note 42(b))	(821,728)
Deferred income	(88,312)
Taxation payable	(182,674)
Total identifiable net assets at provisional fair value	12,844,570
Non-controlling interests	(3,351,148)
Goodwill arising on acquisition (note 17)	1,432,344
Total consideration	10,925,766
Analysis of cash flows on acquisition:	
Cash acquired with the subsidiaries	2,739,313
Cash paid	–
Net cash inflow on acquisition included in cash flows from investing activities	2,739,313
Transaction costs of the acquisition included in cash flows from operating activities	(27,819)
Net cash inflow on acquisition	2,711,494

46. BUSINESS COMBINATION NOT UNDER COMMON CONTROL *(continued)*

For the year ended 31 December 2016 *(continued)*

(c) CHS *(continued)*

The initial accounting for the above acquisition in the consolidated financial statements has been determined provisionally as the Group is awaiting the final result of an independent valuation in relation to property, plant and equipment, other intangible assets, inventories and other net assets acquired in the transaction. The valuation has not been completed by the date of the approval of the consolidated financial statements. Accordingly, the amounts of identifiable net assets and goodwill as stated above may be subsequently adjusted.

From the date of acquisition, CHS has contributed RMB916,079,000 to the Group's revenue and RMB100,209,000 of net loss to the Group for the year ended 31 December 2016. Had the combination taken place at the beginning of the year, the revenue of the Group and the profit of the Group for the year ended 31 December 2016 would have been RMB12,361,393,000 and RMB3,961,705,000, respectively.

The fair values of the trade and bills receivables, deposits and other receivables as at the date of acquisition amounted to RMB7,149,625,000 and RMB2,104,526,000, respectively. The gross contractual amounts of trade and bills receivables, deposits and other receivables were RMB7,625,595,000 and RMB2,108,571,000, respectively, of which trade receivables of RMB475,970,000 and other receivables of RMB4,045,000 are expected to be uncollectible.

Goodwill which arose on the acquisition included a control premium. The consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development of CHS. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. The goodwill is not deductible for income tax purposes.

Transaction costs of RMB27,819,000 have been expensed and are included in administrative expenses in profit or loss and are part of operating cash flows in the consolidated statement of cash flows.

46. BUSINESS COMBINATION NOT UNDER COMMON CONTROL *(continued)*

For the year ended 31 December 2016 *(continued)*

(d) Acquisition of Northern King Holdings Limited, Wise Stream Limited, Diligent Apex Limited and their subsidiaries (collectively referred to as "Baoqiao Group")

On 6 December 2016, the Group acquired 70% of the equity interests in Baoqiao Group from BaoQiao Partners Holdings Limited and Lin Wan Yan, independent third parties, at a consideration of HK$63,000,000 (equivalent to RMB57,931,000) in cash and RMB82,456,000 by issuing 26,642,500 shares of the Company in total. The fair value of the consideration shares was determined by reference to the closing market price of the Company's shares at the date of completion. Baoqiao Group is licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 9 (asset management) business and money lender business in Hong Kong. The acquisition was made as part of the Group's strategy to expand the investment and financial advisory and asset management business as well as utilise the relevant services for the benefits of the Group. The acquisition has been accounted for using the acquisition method. The Group has elected to measure the non-controlling interest in Baoqiao Group at the non-controlling interest's proportionate share of Baoqiao Group's identifiable net assets. The consolidated financial statements include the results of Baoqiao Group since the acquisition date.

The fair values of the identifiable assets and liabilities of Baoqiao Group as at the date of acquisition were as follows:

	Acquiree's provisional fair value recognised on acquisition RMB'000
Property, plant and equipment (note 14)	647
Cash and cash equivalents	14,724
Loan receivable	202,916
Trade receivables	3,957
Other payables and accruals	(202,075)
Taxation payable	(592)
Total identifiable net assets at provisional fair value	19,577
Non-controlling interests	(5,873)
Goodwill arising on acquisition (note 17)	126,683
Total consideration	140,387
Analysis of cash flows on acquisition:	
Cash acquired with the subsidiaries	14,724
Cash paid	(57,931)
Net cash flow on acquisition included in cash flows from investing activities	(43,207)
Transaction costs of the acquisition included in cash flows from operating activities	(200)
	(43,407)

46. BUSINESS COMBINATION NOT UNDER COMMON CONTROL *(continued)*

For the year ended 31 December 2016 *(continued)*

(d) Baoqiao Group *(continued)*

The initial accounting for the above acquisition in the consolidated financial statements has been determined provisionally as the Group is awaiting the final result of an independent valuation in relation to other intangible assets and other net assets acquired in the transaction. The valuation has not been completed by the date the consolidated financial statements were approved. Accordingly, the amounts of identifiable net assets and goodwill as stated above may be subsequently adjusted.

From the date of acquisition, Baoqiao Group has contributed RMB3,716,000 to the Group's revenue and RMB1,437,000 of net profit to the Group for the year ended 31 December 2016. Had the combination taken place at the beginning of the year, the revenue of the Group and the profit of the Group for the year ended 31 December 2016 would have been RMB4,326,573,000 and RMB3,036,759,000, respectively.

The fair values of the trade receivables and loan receivable as at the date of acquisition amounted to RMB3,957,000 and RMB202,916,000, respectively. The gross contractual amounts of trade receivables and loan receivable were RMB3,957,000 and RMB202,916,000, respectively.

46. BUSINESS COMBINATION NOT UNDER COMMON CONTROL *(continued)*

For the year ended 31 December 2016 *(continued)*

(d) Baoqiao Group *(continued)*

Goodwill which arose on the acquisition included a control premium. The consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development of Baoqiao Group. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. The goodwill is not deductible for income tax purposes.

Transaction costs of RMB200,000 have been expensed and are included in administrative expenses in profit or loss and are part of operating cash flows in the consolidated statement of cash flows.

For the year ended 31 December 2015

(e) Jiangsu Anjiali and its wholly-owned subsidiaries, Jurong Dingsheng Property Development Company Limited*（句容鼎盛房地產開發有限公司）("Jurong Dingsheng") and Jurong Dasheng Property Development Company Limited*（句容達盛房地產開發有限公司）("Jurong Dasheng") (collectively referred to as "Anjiali Group")

On 20 January 2015, the Group entered into an agreement with an independent third party, Nanjing Huigu to acquire the entire equity interests in Jiangsu Anjiali, a company engaged in property development in the PRC, at cash consideration of approximately RMB438,000,000. The acquisition was completed on 12 February 2015. The acquisition of Anjiali Group will benefit the Group through synergies and economies of scale. The acquisition has been accounted for using the acquisition method. The consolidated financial statements include the results of Anjiali Group since the acquisition date.

46. BUSINESS COMBINATION NOT UNDER COMMON CONTROL *(continued)*

For the year ended 31 December 2015 *(continued)*

(e) Anjiali Group *(continued)*

The fair values of the identifiable assets and liabilities of Anjiali Group as at the date of acquisition were as follows:

	Fair value recognised on acquisition RMB'000
Property, plant and equipment (note 14)	4,459
Properties under development (note 30)	1,597,900
Properties held for sale	1,421,435
Tax prepaid	49,773
Prepayment, deposits and other receivables	9,687
Cash and cash equivalents	26,013
Trade and bills payables	(41,963)
Other payables and accruals	(93,745)
Receipts in advance and deposits received	(1,370,796)
Deferred tax liabilities (note 42(b))	(303,071)
Bank and other borrowings	(498,264)
Total identifiable net assets at fair value	801,428
Gain on bargain purchase recognised in acquisition of subisidiaries	(363,428)
Total consideration	438,000
Analysis of cash flows on acquisition:	
Cash acquired with the subsidiaries	26,013
Cash paid	(438,000)
Net cash flow on acquisition included in cash flows from investing activities	(411,987)
Transaction costs of the acquisition included in cash flows from operating activities	(634)
	(412,621)

From the date of acquisition, Anjiali Group has contributed RMB1,310,865,000 to the Group's revenue and RMB292,426,000 of net profit to the Group for the year ended 31 December 2015. Had the combination taken place on 1 January 2015, the revenue of the Group and the profit of the Group for the year ended 31 December 2015 would have been RMB3,045,611,000 and RMB1,218,866,000, respectively.

Transaction costs of RMB634,000 have been expensed and are included in administrative expenses in profit or loss and are part of operating cash flows in the consolidated statement of cash flows.

46. BUSINESS COMBINATION NOT UNDER COMMON CONTROL *(continued)*

For the year ended 31 December 2015 *(continued)*

(f) Zall Development (Shenyang) Limited*（卓爾發展（瀋陽）有限公司）("Zall Development Shenyang"), Zall Trading Development (Xiaogan) Limited*（卓爾商貿發展（孝感）有限公司）("Zall Trading Xiaogan") and its wholly-owned subsidiary, Zall Development (Xiaogan) Limited*（卓爾發展（孝感）有限公司）(collectively referred to as the "Zall Trading Group") (together with Zall Development Shenyang, hereinafter collectively referred to as the "Zall Group").

On 24 June 2015, the Group entered into two agreements with an independent third party, Zall Development (HK) Holding Company Limited, to acquire a 90% equity interest in each of Zall Development Shenyang and Zall Trading Xiaogan by issuing 543,517,500 and 137,962,500 ordinary shares of HK$0.01 each of the Company respectively. The fair values of the consideration shares were approximately RMB652,638,000 and RMB165,661,000 respectively, which were determined by reference to the closing market price of HK$1.50 of the Company's share at the date of completion. The acquisition was completed on 26 June 2015. The acquisition of Zall Group will benefit the Group through synergies and economies of scale and increase the land banks. The acquisition of Zall Development Shenyang has been accounted for using the acquisition method and the acquisition of Zall Trading Group has been accounted for as acquisition of assets through acquisition of subsidiaries. The consolidated financial statements include the results of the Zall Group since the acquisition date.

46. BUSINESS COMBINATION NOT UNDER COMMON CONTROL *(continued)*

For the year ended 31 December 2015 *(continued)*

(f) Zall Group *(continued)*

The fair values of the identifiable assets and liabilities of the Zall Group as at the date of acquisition were as follows:

	Fair value recognised on acquisition Zall Development Shenyang RMB'000	Zall Trading Group RMB'000
Property, plant and equipment (note 14)	456	146
Properties under development (note 30)	1,126,000	106,789
Prepayments, deposits and other receivables	108,741	116,695
Tax prepaid	1,604	–
Cash and cash equivalents	9,369	959
Deferred tax assets (note 42(a))	–	10,385
Trade and bills payables	(124,713)	(507)
Other payables and accruals	(87,009)	(3,221)
Receipts in advance and deposit received	(165,208)	–
Deferred income – government grant	–	(37,739)
Taxation payable	–	(9,439)
Deferred tax liabilities (note 42(b))	(23,757)	–
Bank and other borrowings	(161,010)	–
Total identifiable net assets at fair value	684,473	184,068
Non-controlling interests	(68,447)	(18,407)
Goodwill arising on acquisition	36,612	–
Total consideration	652,638	165,661
Analysis of cash flows on acquisition:		
Cash acquired with the subsidiaries	9,369	959
Cash paid	–	–
Net cash flow on acquisition included in cash flows from investing activities	9,369	959
Transaction costs of the acquisition included in cash flows from operating activities	(624)	–
	8,745	959

46. BUSINESS COMBINATION NOT UNDER COMMON CONTROL *(continued)*

For the year ended 31 December 2015 *(continued)*

(f) Zall Group *(continued)*

Zall Development Shenyang

From the date of acquisition, Zall Development Shenyang has contributed no revenue and net loss of RMB7,490,000 to the net profit of the Group for the year ended 31 December 2015. Had the combination taken place on 1 January 2015, the revenue of the Group and the profit of the Group for the year ended 31 December 2015 would have been RMB3,095,611,000 and RMB1,216,430,000, respectively.

Goodwill which arose on the acquisition included a control premium. The consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Zall Development Shenyang. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. The goodwill is not deductible for income tax purposes.

Transaction costs of RMB624,000 have been expensed and are included in administrative expenses in profit or loss and are part of operating cash flows in the consolidated statement of cash flows.

Zall Trading Group

On acquisition of Zall Trading Group, the Group allocates the consideration to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of acquisition.

47. BUSINESS COMBINATION UNDER COMMON CONTROL AND RESTATEMENTS

1) The Group adopts merger accounting for common control combinations in respect of the following transactions which occurred during the year ended 31 December 2016:

   a) On 17 May 2016, the Group acquired a 72.19% equity interest in Shenzhen Anke High-Tech Company Limited*（深圳安科高技術股份有限公司）and its subsidiaries, Shenzhen Anke Medical Investment Company Limited*（深圳安科醫療投資有限公司）and Shenzhen Anke Software Technology Company Limited*（深圳安科軟件技術有限公司）(collectively referred to as the "**Anke Group**") at an aggregate cash consideration of RMB140,000,000 from Mr. Ji, the controlling shareholder of the Company, and Nanjing Fullshare Industrial Holding Group Co. Limited*（南京豐盛產業控股集團有限公司）, which is controlled by Mr. Ji.

47. BUSINESS COMBINATION UNDER COMMON CONTROL AND RESTATEMENTS

b) On 4 July 2016, the Group entered into several business and land sale agreements with affiliates of Mr. Ji, the controlling shareholder of the Group, to purchase the respective rights and assets in operating the business of a hotel, villa management and country club and resort stores as well as certain land properties located in Australia at an aggregate consideration of AUD85,200,000 (equivalent to approximately RMB431,555,000) (collectively referred to as the "**Five season VI**") and the consideration is subject to final adjustment calculation as disclosed in the circular of the Company dated 15 August 2016. The final consideration paid is approximately AUD83,360,000 (equivalent to approximately RMB425,969,000). The acquisition was completed on 9 November 2016. Among these acquisitions, the transfer of certain land properties was recognised as asset acquisition because the transaction only consist vacant land which has not been developed.

c) On 12 August 2016, the Group entered into an agreement with Fullshare Group Pte. Ltd. to acquire the entire equity interests in Fullshare International Trade Pte. Ltd. at a cash consideration of HK$2,500,000 or the completion net asset value at the date of completion, whichever is lower. The acquisition was completed on 6 September 2016 with a final consideration of HK$1,871,000 (equivalent to approximately RMB1,612,000). Mr. Ji is also the ultimate controlling shareholder of Fullshare Group Pte. Ltd..

(d) On 21 April 2016, the Group entered into an agreement with a company ultimately controlled by Mr. Ji to acquire 100% of issued shares of Fullshare International (Australia) Turtle Point Hotel Pty Ltd, Fullshare International (Australia) Jagabara Pty Ltd, Fullshare International (Australia) Farms Pty Ltd, Fullshare International (Australia) Quarries Pty Ltd, Fullshare International (Australia) Marina Pty Ltd, Fullshare Laguna Management Pty Ltd, Fullshare International (Australia) Villa Pty Ltd, Fullshare International (Australia) Service Pty Ltd, Fullshare International (Australia) Pandanus Pty Ltd, Fullshare International (Australia) Ranges Pty Ltd, Fullshare International (Australia) Turtle Point Golf and Country Club Pty Ltd, Fullshare International (Australia) Bruce Pty Ltd, Fullshare International (Australia) Queens Hill Pty Ltd, and Fullshare International (Australia) Village Pty Ltd, (collectively, the "**Target Companies**") at an aggregate consideration of AUD29,224,000 (equivalent to RMB139,343,000).

On the same day, the Group entered into the land sale agreement with a company ultimately controlled by Mr. Ji to acquire certain freehold land properties at an aggregate consideration of AUD18,776,000 (equivalent to RMB89,526,000).

At the date of acquisition, the Target Companies only held certain freehold land properties which have not been developed. Accordingly, the acquisition of the Target Companies has been accounted for as acquisition of assets through acquisition of subsidiaries.

The effects of the application of merger accounting for business combinations under common control occurred during the year ended 31 December 2016 on the Group's financial position as at 31 December 2015 and 1 January 2015 and the results for the year ended 31 December 2015 are summarised as follows:

47. BUSINESS COMBINATION UNDER COMMON CONTROL AND RESTATEMENTS *(continued)*

For the year ended 31 December 2015

	As originally stated RMB'000	Acquired subsidiaries RMB'000	As restated RMB'000
Revenue	2,657,931	437,680	3,095,611
Cost of sales	(2,370,801)	(337,472)	(2,708,273)
Gross profit	287,130	100,208	387,338
Fair value change in financial instruments	621,095	–	621,095
Other income and gains	137,317	5,091	142,408
Selling and distribution expenses	(76,226)	(60,215)	(136,441)
Administrative expenses	(110,507)	(57,839)	(168,346)
Finance costs	(97,949)	(6,692)	(104,641)
Change in fair value of properties held for sale transferred to investment properties	147,464	–	147,464
Gain on disposal of subsidiaries	194,047	–	194,047
Gain on bargain purchase	363,428	–	363,428
Profit/(loss) before tax	1,465,799	(19,447)	1,446,352
Income tax credit/(expense)	(226,809)	379	(226,430)
Profit/(loss) for the year	1,238,990	(19,068)	1,219,922
Other comprehensive income/(loss)			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	26,511	(253)	26,258
Other comprehensive income/(loss) for the year, net of tax	26,511	(253)	26,258
Total comprehensive income/(loss)	1,265,501	(19,321)	1,246,180
Profit attributable to:			
Owners of the parent	1,237,507	(19,680)	1,217,827
Non-controlling interests	1,483	612	2,095
	1,238,990	(19,068)	1,219,922
Total comprehensive income/(loss) attributable to:			
Owners of the parent	1,264,018	(19,933)	1,244,085
Non-controlling interests	1,483	612	2,095
	1,265,501	(19,321)	1,246,180

47. BUSINESS COMBINATION UNDER COMMON CONTROL AND RESTATEMENTS *(continued)*

As at 31 December 2015

	As originally stated RMB'000	Acquired subsidiaries RMB'000	Elimination RMB'000	As restated RMB'000
Property, plant and equipment	148,466	213,589	–	362,055
Investment properties	330,600	–	–	330,600
Prepaid land lease payments	1,661	–	–	1,661
Goodwill	1,474	–	–	1,474
Other intangible assets	1,643	2,526	–	4,169
Investments in joint ventures	4,900	–	–	4,900
Financial assets designated as at fair value through profit or loss	10,419	–	–	10,419
Trade receivables	–	12,726	–	12,726
Prepayments, deposits and other receivables	–	54,512	–	54,512
Deferred tax assets	13,371	14,672	–	28,043
Total non-current assets	512,534	298,025	–	810,559
Deposits paid for potential acquisitions	360,000	–	–	360,000
Inventories	8,964	120,115	–	129,079
Construction contracts	40,549	–	–	40,549
Prepaid land lease payments	38	–	–	38
Trade and bills receivables	108,489	154,504	–	262,993
Consideration receivable	1,349,936	–	–	1,349,936
Prepayments, deposits and other receivables	165,600	46,432	–	212,032
Tax prepaid	12,316	3,897	–	16,213
Financial assets held for trading	1,598,115	–	–	1,598,115
Properties under development	2,379,083	–	–	2,379,083
Properties held for sale	933,536	–	–	933,536
Pledged bank deposits	–	33,682	–	33,682
Cash and cash equivalents	1,194,328	46,223	–	1,240,551
Total current assets	8,150,954	404,853	–	8,555,807
Trade and bills payables	301,562	200,394	–	501,956
Other payables and accruals	632,433	38,866	–	671,299
Receipts in advance and deposits received	1,285,373	18,365	–	1,303,738
Dividend payable	9,545	–	–	9,545
Bank and other borrowings	761,280	53,075	–	814,355
Taxation payable	175,206	–	–	175,206
Warranty provision	–	1,475	–	1,475
Deferred income	–	439	–	439
Total current liabilities	3,165,399	312,614	–	3,478,013
Net current assets	4,985,555	92,239	–	5,077,794
Total assets less current liabilities	5,498,089	390,264	–	5,888,353

47. BUSINESS COMBINATION UNDER COMMON CONTROL AND RESTATEMENTS *(continued)*

	As originally stated RMB'000	Acquired subsidiaries RMB'000	Elimination RMB'000	As restated RMB'000
Corporate bonds	7,743	–	–	7,743
Acquisition consideration payables	21,058	–	–	21,058
Bank and other borrowings	131,250	31,665	–	162,915
Deferred tax liabilities	378,401	–	–	378,401
Non-current liabilities	538,452	31,665	–	570,117
Net assets	4,959,637	358,599	–	5,318,236
Share capital	124,942	118,707	(118,707)	124,942
Equity reserve	422,833	–	–	422,833
Reserves	4,210,562	204,956	118,707	4,534,225
Non-controlling interests	201,300	34,936	–	236,236
Total equity	4,959,637	358,599	–	5,318,236

As at 1 January 2015

	As originally stated RMB'000	Acquired subsidiaries RMB'000	Elimination RMB'000	As restated RMB'000
Property, plant and equipment	148,136	197,438	–	345,574
Investment properties	5,600	–	–	5,600
Prepaid land lease payments	1,699	–	–	1,699
Goodwill	1,474	–	–	1,474
Loan receivable	350,000	–	–	350,000
Trade receivables	–	40,046	–	40,046
Prepayments, deposits and other receivables	–	27,686	–	27,686
Deferred tax assets	14,736	10,826	–	25,562
Total non-current assets	521,645	275,996	–	797,641
Deposits paid for potential acquisitions	50,000	–	–	50,000
Inventories	–	118,235	–	118,235
Construction contracts	20,801	–	–	20,801
Trade and bills receivables	12,758	64,517	–	77,275
Prepayments, deposits and other receivables	381,903	80,317	–	462,220
Tax prepaid	24,820	5,818	–	30,638
Financial assets held for trading	30,024	–	–	30,024
Properties under development	2,540,309	–	–	2,540,309
Properties held for sale	504,516	–	–	504,516
Pledged bank deposits	11,947	4,772	–	16,719
Cash and cash equivalents	325,013	43,496	–	368,509
Total current assets	3,902,091	317,155	–	4,219,246

47. BUSINESS COMBINATION UNDER COMMON CONTROL AND RESTATEMENTS *(continued)*

	As originally stated RMB'000	Acquired subsidiaries RMB'000	Elimination RMB'000	As restated RMB'000
Trade and bills payables	101,246	116,184	–	217,430
Other payables and accruals	252,183	52,720	–	304,903
Receipts in advance and deposits received	602,994	11,221	–	614,215
Acquisition consideration payables	156,000	–	–	156,000
Bank and other borrowings	910,103	84,744	–	994,847
Taxation payable	157,535	–	–	157,535
Deferred income	–	1,630	–	1,630
Total current liabilities	2,180,061	266,499	–	2,446,560
Net current assets	1,722,030	50,656	–	1,772,686
Total assets less current liabilities	2,243,675	326,652	–	2,570,327
Corporate bonds	7,089	–	–	7,089
Acquisition consideration payables	43,758	–	–	43,758
Bank and other borrowings	–	3,045	–	3,045
Deferred tax liabilities	23,981	–	–	23,981
Total non-current liabilities	74,828	3,045	–	77,873
Net assets	2,168,847	323,607	–	2,492,454
Share capital	107,930	118,707	(118,707)	107,930
Equity reserve	422,833	–	–	422,833
Reserves	1,429,366	170,574	118,707	1,718,647
Non-controlling interests	208,718	34,326	–	243,044
Total equity	2,168,847	323,607	–	2,492,454

2) The Group adopts merger accounting for common control combination in respect of the following transactions which accrued during the year ended 31 December 2015.

   e) On 8 December 2014, the Group entered into an equity transfer agreement to acquire a 99% and 1% equity interest of Nanjing Fullshare Technology from Nanjing Fullshare Holding and Nanjing Xinmeng Asset Management Limited*（南京新盟資產管理有限公司）("**Xinmeng Asset**") respectively for an aggregate cash consideration of RMB667,000,000. The acquisition was completed on 19 January 2015. Mr. Ji is the ultimate controlling shareholder of the Company, Nanjing Fullshare Holding and Xinmeng Asset.

47. BUSINESS COMBINATION UNDER COMMON CONTROL AND RESTATEMENTS *(continued)*

f) On 12 May 2015, the Group entered into an equity transfer agreement with Nanjing Fullshare Energy Science & Technology Company Limited*（南京豐盛新能源科技發展有限公司）to acquire the entire equity interests in Nanjing Fullshare Energy Management Company Limited*（南京豐盛能源管理有限公司）, Shanghai Far-seeker Energy Technology Company Limited*（上海法斯克能源科技有限公司）and Anhui Green Building Company Limited*（安徽省綠色建築有限公司）and a 95% equity interest in Nanjing Far-seeker Energy Technology Company Limited*（南京法斯克能源科技發展有限公司）(collectively referred to as the "**New Energy Group**") at an aggregate cash consideration of RMB28,000,000. The acquisition was completed on 17 June 2015. Mr. Ji is also the controlling shareholder of Nanjing Fullshare Energy.

g) On 13 October 2015, the Group entered into an agreement with Mr. Ji to acquire the entire equity interest of Rich Unicorn Holdings Limited ("**Rich Unicorn**") by issuing 937,910,000 ordinary shares of HK$0.01 each of the Company. The fair value of the consideration shares at the date of completion was approximately RMB1,307,463,000, which was determined by reference to the closing market price of HK$1.68 of the Company's share at the date of completion. The acquisition was completed on 23 November 2015.

At the date of acquisition, Rich Unicorn held only financial assets at fair value through profit or loss, which were certain equity securities listed in Hong Kong. Accordingly, the acquisition of Rich Unicorn had been accounted for as acquisition of assets through acquisition of a subsidiary.

48. DISPOSAL OF SUBSIDIARIES

For the year ended 31 December 2016

(a) Fullshare Lujian Group

In June 2016, the Group disposed of its entire 100% equity interest in Fullshare Lujian Group to Jiasheng Construction Group Co., Ltd. ("**Jiasheng Construction**"), an independent third party, for a cash consideration of RMB240,000,000.

The assets and liabilities of Fullshare Lujian Group at the disposal date were as follows:

	RMB'000
Net assets disposed of:	
Property, plant and equipment (note14)	156,130
Prepaid land lease payments (note 16)	1,641
Goodwill (note 17)	1,474
Other intangible assets (note 18)	1,529
Investments in joint ventures	4,900
Financial assets designated as at fair value through profit or loss	10,419
Deferred tax assets (note 42(a))	380
Cash and cash equivalents	25,746
Trade and bills receivables	23,274
Prepayments, deposits and other reveivables	123,114
Construction contracts	124,007
Tax prepaid	4
Trade and bills payables	(66,270)
Other payables and accruals	(179,607)
Taxation payable	(24)
Non-controlling interests	(1,000)
Net assets disposed of	225,717
Gain on disposal of subsidiaries	14,283
Cash consideration for disposal	240,000

48. DISPOSAL OF SUBSIDIARIES *(continued)*

For the year ended 31 December 2016 *(continued)*

(a) Fullshare Lujian Group *(continued)*

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	31 December 2016 RMB'000
Cash consideration	**240,000**
Cash and cash equivalents disposed of	**(25,746)**
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	**214,254**

b) Fudaksu Pte. Ltd. and its subsidiaries (collectively referred to as "Ksubaka")

In December 2016, the Group disposed of all of its 51% equity interest in Ksubaka to Chinafair Investment Limited, an independent third party, for a cash consideration of approximately US$17,326,000 (equivalent to approximately RMB120,340,000).

The assets and liabilities of Ksubaka at the disposal date were as follows:

	RMB'000
Net assets disposed of:	
Property, plant and equipment (note 14)	15,923
Cash and cash equivalents	18,947
Trade and bills receivables	1,164
Prepayments, deposits and other receivables	31,000
Trade and bills payables	(1,586)
Other payable and accruals	(52,553)
Non-controlling interests	(6,318)
Net assets disposed of	6,577
Other reserve generated from the initial investment in the subsidiary	53,352
Exchange reserve	(3,713)
Gain on disposal of subsidiaries	64,124
Cash consideration for disposal	120,340

48. DISPOSAL OF SUBSIDIARIES *(continued)*

For the year ended 31 December 2016 *(continued)*

b) Fudaksu Pte. Ltd. and its subsidiaries (collectively referred to as "Ksubaka") *(continued)*

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	31 December 2016 RMB'000
Cash consideration	120,340
Unsettled consideration (Note)	(60,447)
Cash and cash equivalents disposed of	(18,947)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	40,946

Note:

Pursuant to the agreement, the consideration receivable of approximately US$8,663,000 (equivalent to RMB60,447,000) will be settled within eight months after the completion of transaction.

The receivables are secured by the shares of Fudaksu Pte. Ltd. and non-interest-bearing during the credit period. In the event that the receivables are not repaid on time, the outstanding balance is charged at an interest rate of 2% per annum until full repayment is made.

48. DISPOSAL OF SUBSIDIARIES *(continued)*

For the year ended 31 December 2016 *(continued)*

c) Guangzhou Fullshare Healthcare and its subsidiary (collectively referred to as "Guangzhou Fullshare Healthcare Group")

In December 2016, the Group disposed of its entire 100% equity interest in Guangzhou Fullshare Healthcare to Jiasheng Construction, an independent third party, for a cash consideration of RMB55,000,000.

The assets and liabilities of Guangzhou Fullshare Healthcare Group at the disposal date were as follows:

	RMB'000
Net assets disposed of:	
Property, plant and equipment (note 14)	13,360
Investments in associates	39,601
Cash and cash equivalents	14,636
Trade and bills receivables	104
Prepayments, deposits and other receivables	77,073
Inventories	1,502
Trade and bills payables	(418)
Other payables and accruals	(136,318)
Net assets disposed of	9,540
Gain on disposal of subsidiaries	45,460
Cash consideration for disposal	55,000

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	31 December 2016 RMB'000
Cash consideration	**55,000**
Unsettled consideration (Note)	**(27,500)**
Cash and cash equivalents disposed of	**(14,636)**
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	**12,864**

Note:

Pursuant to the agreement, the consideration receivable of RMB27,500,000 will be settled within 60 days after the signing of the agreements. In the event that the receivables are not paid on time, the outstanding balance is charged at an interest rate of 15% per annum until full repayment is made. The receivables are secured by the shares of Guanzhou Fullshare Healthcare and non-interest-bearing during the credit period.

48. DISPOSAL OF SUBSIDIARIES *(continued)*

For the year ended 31 December 2016 *(continued)*

d) New Best Zhong-Chuan Technology Co., Ltd.（江蘇新貝斯特中傳科技有限公司）("New Best")

In December 2016, The Group disposed of its 63% equity interest in New Best to 董曉君, an independent third party, for a cash consideration of RMB18,000,000.

The assets and liabilities of New Best at the disposal date were as follows:

	RMB'000
Net assets disposed of:	
Property, plant and equipment (note 14)	9,201
Investments in associates	590
Other intangible assets (note 18)	260
Inventories	46,860
Tax prepaid	8
Cash and cash equivalents	3,360
Trade and bills receivables	37,243
Prepayments, deposits and other receivables	6,204
Trade and bills payables	(44,835)
Other payables and accruals	(26,422)
Non-controlling interests	10,896
Net assets disposed of	43,365
Loss on disposal of a subsidiary	(25,365)
Cash consideration for disposal	18,000

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	31 December 2016 RMB'000
Cash consideration	**18,000**
Unsettled consideration (Note)	**(18,000)**
Cash and cash equivalents disposed of	**(3,360)**
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	**(3,360)**

Note:

The first installment of RMB12,000,000 was settled in January 2017.

48. DISPOSAL OF SUBSIDIARIES *(continued)*

For the year ended 31 December 2015 *(continued)*

e) Jiangsu Fullshare Property Limited ("Jiangsu Fullshare")

On 29 May 2015, the Group entered into a sale and purchase agreement with Nanjing Shanbao Investment Management Limited* (南京善寶投資管理有限公司) ("**Nanjing Shanbao**"), an independent third party, for the disposal of its entire equity interest in Jiangsu Fullshare for a cash consideration of approximately RMB467,000,000. The transaction was completed on 25 June 2015.

The assets and liabilities of Jiangsu Fullshare at the disposal date were as follows:

	RMB'000
Net assets disposed of:	
Property, plant and equipment (note 14)	670
Properties under development (note 30)	539,203
Properties held for sale	136,281
Tax prepaid	25,611
Trade and bills receivables	45,137
Cash and cash equivalents	16,694
Trade and bills payables	(79,637)
Due to the immediate holding company	(126,864)
Receipts in advance and deposits received	(167,399)
Deferred tax liabilities	(2,188)
Net assets disposed of	387,508
Gain on disposal of a subsidiary	79,492
Cash consideration for disposal	467,000

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	31 December 2015 RMB'000
Cash consideration	467,000
Cash and cash equivalents disposed of	(16,694)
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	450,306

48. DISPOSAL OF SUBSIDIARIES *(continued)*

For the year ended 31 December 2015 *(continued)*

f) Active Mind Investments Limited and its subsidiaries, Active Mind Hong Kong Limited and Zall Development Shengyang (collectively referred to as "Active Mind Group") and Advance Goal Investments Limited and its subsidiaries, Advance Goal Hong Kong Limited and Zall Trading Group (collectively referred to as "Advance Goal Group")

On 6 November 2015, the Group entered into two sales and purchase agreements with Sun Field Property Holdings Limited (the "**Sun Field**"), an independent third party, for the disposal of its entire equity interests in Active Mind Group and Advance Goal Group at a cash consideration of RMB685,270,000 and RMB173,944,000 respectively. Upon completion of the transaction, an amount due to the Group by Zall Development Shenyang of RMB9,000,000 is borne by Sun Field. The transactions were completed on 4 December 2015.

The assets and liabilities of Active Mind Group and Advance Goal Group at the disposal date were as follows:

	Active Mind Group RMB'000	Advance Goal Group RMB'000
Net assets disposed of:		
Property, plant and equipment (note 14)	374	134
Goodwill	36,612	–
Properties under development (note 30)	1,138,404	108,661
Other receivables	125,000	114,632
Tax prepaid	3,006	–
Cash and cash equivalents	8,241	577
Deferred tax assets (note 42)	–	10,385
Trade and bills payables	(142,184)	(639)
Other payables and accruals	(173,050)	(3,313)
Receipts in advance and deposits received	(226,180)	–
Deferred income – government grant	–	(37,739)
Taxation payable	–	(9,439)
Deferred tax liabilities	(21,885)	–
Bank and other borrowings	(32,870)	–
Non-controlling interests	(67,885)	(18,325)
Net assets disposed of	647,583	164,934
Gain on disposal of subsidiaries	37,687	9,010
Cash consideration for disposal	685,270	173,944

48. DISPOSAL OF SUBSIDIARIES *(continued)*

For the year ended 31 December 2015 *(continued)*

f) Active Mind Group and Advance Goal Group *(continued)*

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	31 December 2015 RMB'000
Cash consideration	859,214
Unsettled consideration (Note)	(745,432)
Cash and cash equivalents disposed of	(8,818)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	104,964

Note:

Pursuant to the agreements, the consideration receivable of RMB186,943,000 and the unsettled debt borne by Sun Field of RMB4,500,000 will be settled within 80 business days after the completion of transactions and the remaining unsettled deferred consideration for disposal amounting to RMB558,489,000 will be settled within 180 business days after the completion of the transactions. Accordingly, the amounts are classified as current assets as at 31 December 2015.

The receivables are secured by the shares of Active Mind Group and Advance Goal Group and non-interest-bearing during the credit period. In the event that the receivables are not repaid on time, the outstanding balance is charged at an interest rate of 15% per annum until full repayment is made. All the consideration receivables have been received during the year ended 31 December 2016.

g) Jurong Dasheng and Jurong Dingsheng

On 9 November 2015, the Group entered into two sales and purchase agreements with Nanjing Dongzhou Property Development Limited*（南京東洲房地產開發有限公司）("**Nanjing Dongzhou**"), an independent third party, for the disposal of its entire equity interests in Jurong Dasheng and Jurong Dingsheng for a cash consideration of RMB269,104,000 and RMB254,496,000, respectively. Upon completion of the transactions, amounts due to the Group by Jurong Dasheng and Jurong Dingsheng of approximately RMB194,558,000 and RMB129,206,000 are borne by Nanjing Dongzhou. The transactions were completed on 27 November 2015.

48. DISPOSAL OF SUBSIDIARIES *(continued)*

For the year ended 31 December 2015 *(continued)*

g) Jurong Dasheng and Dingsheng *(continued)*

The assets and liabilities of Jurong Dasheng and Jurong Dingsheng at the disposal date were as follows:

	Jurong Dasheng RMB'000	Jurong Dingsheng RMB'000
Net assets disposed of:		
Property, plant and equipment (note 14)	1,341	–
Properties under development (note 30)	681,570	352,094
Prepayments, deposits and other receivables	7,525	1,254
Tax prepaid	2,278	–
Cash and cash equivalents	19,912	205
Deferred tax assets (note 42)	6,427	–
Trade and bills payables	(3,413)	–
Other payables and accurals	(153,323)	(98)
Receipts in advance and deposits received	(122,618)	–
Due to the immediate holding company	(194,558)	(129,206)
Taxation payable	–	(131)
Deferred tax liabilities	(10,531)	(2,986)
Net assets disposed of	234,610	221,132
Gain on disposal of subsidiaries	34,494	33,364
Cash consideration for disposal	269,104	254,496

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	31 December 2015 RMB'000
Cash consideration	523,600
Unsettled consideration (Note)	(276,240)
Cash and cash equivalents disposed of	(20,117)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	227,243

Note:

Pursuant to the agreements, the consideration receivable of RMB276,240,000 and unsettled debt borne by Nanjing Dongzhou of RMB323,764,000 will be settled within 120 business days after the completion of transactions and within 120 business days after the signing of the agreements. Accordingly, the amounts were classified as current assets as at 31 December 2015.

The receivables are secured by the shares of Jurong Dingsheng and Jurong Dasheng and non-interest-bearing during the credit period. In the event that the receivables are not repaid on time, the outstanding balance is charged at an interest rate of 15% per annum until full repayment is made. All the consideration receivables have been received during the year ended 31 December 2016.

49. CONTINGENT LIABILITIES

As at 31 December 2016, contingent liabilities not provided for in the consolidated financial statements were as follows:

		2016 RMB'000	2015 RMB'000
(a)	Guarantees given to banks in connection with mortgage facilities	**1,680,063**	1,080,207

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. Such guarantees terminate upon the earlier of (i) issue 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 and receipt of such certificate by the bank; and (ii) the satisfaction of mortgaged loan by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying 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 mortgages.

The directors of the Company consider that the likelihood of default in payments by purchasers is minimal and, in case of default in payments, the net realisable value of the related properties can recover the repayment of the outstanding mortgage principals together with the accrued interests and penalties. Therefore, the financial guarantees measured at fair value are immaterial, and no provision has been made.

(b) The subsidiary of CHS entered into an agreement (the "**Agreement**") effective from 1 January 2013 with a third party (the "**Subcontractor**"), pursuant to which, the subsidiary of CHS assigns the Subcontractor and the Subcontractor agrees to repair certain of the wind gear products sold by the subsidiary of CHS at a fixed fee at certain percentage of annual sales of those wind gear products of the subsidiary of CHS (the "**Fixed Fee**"). The subsidiary of CHS is not liable for any additional cost incurred by the Subcontractor in relation to the repair of those wind gear products, other than the Fixed Fee. The Subcontractor however has not entered into any agreements with the customers of the wind gear products for the repair services. In the event of closure, liquidation, or inability of the Subcontractor to provide those repair services, the subsidiary of CHS is still liable for such repair obligations should those customers claim for that against the subsidiary of CHS. In the opinion of the directors, based on their experience, the financial position of the Subcontractor and their assessment of the current economic environment, the possibility of the default or inability by the Subcontractor to carry out the obligation is remote. Accordingly, no provision for the repair obligation of wind gear products has been made in the Group's consolidated financial statements at the end of the reporting period.

50. PLEDGE OF ASSETS

As at 31 December 2016, certain assets of the Group were pledged to secure convertible bonds and banking facilities granted to the Group as follows:

	2016 RMB'000	2015 RMB'000 (Restated)
Properties under development	487,620	288,596
Properties held for sale	–	649,503
Investment properties	2,347,014	313,000
Property, plant and equipment	114,750	–
Trade receivables	1,292,704	101,051
Prepaid land lease payments	178,482	–
Financial assets held for trading	2,459,408	–
Pledged bank deposits (note 32)	2,581,830	33,682
	9,461,808	1,385,832

At 31 December 2016, the Group also pledged its 25% equity interest in Nanjing High Speed Gear Manufacturing Co., Ltd., a wholly-owned subsidiary, for certain banking facilities granted to the Group.

Details of the Group's bank and other borrowings which are secured by the assets of the Group are included in note 37 to the consolidated financial statements.

51. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 15 to the consolidated financial statements) under operating lease arrangements, with leases negotiated for terms ranging from one to twenty years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 31 December 2016, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2016 RMB'000	2015 RMB'000
Within one year	158,428	16,276
In the second to fifth years, inclusive	360,602	35,226
After five years	562,289	10,305
	1,081,319	61,807

51. OPERATING LEASE ARRANGEMENTS *(continued)*

(b) As lessee

The Group leases certain of its office properties and office equipment under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to six years, and those for office equipment are for terms ranging between two and five years.

At 31 December 2016, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2016 **RMB'000**	2015 RMB'000 (Restated)
Within one year	**10,559**	10,873
In the second to fifth years, inclusive	**3,568**	1,496
	14,127	12,369

52. COMMITMENTS

In addition to the operating lease commitments detailed in note 51(b) above, the Group had the following capital commitments at the end of the reporting period:

	2016 **RMB'000**	2015 RMB'000
Contracted, but not provided for:		
Properties under development	**956,979**	2,002,582
Land and buildings	**90,277**	–
Plant and machinery	**274,316**	–
Capital contributions payable to a non-wholly-owned subsidiary	**–**	103,797
Capital contributions payable to an associate	**59,260**	–
Capital contributions payable to a subsidiary	**–**	21,471
Investment in available-for-sale investments	**980,000**	–
	2,360,832	2,127,850

53. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

	Notes	2016 RMB'000	2015 RMB'000 (Restated)
Associates:			
Sales of property, plant and equipment	(i)	49,441	–
Other charge	(ii)	13	–
Purchases of products	(iii)	5,627	–
Money lent	(iv)	233,481	–
Interest income	(iv)	7,945	–
Joint ventures:			
Sales of products	(v)	1,473	–
Money lent	(iv)	22,000	–
Other charges	(ii)	42	–
The Group's controlling shareholder and his close family members			
Sales of properties	(vi)	14,900	–
The associates of the Group's controlling shareholder:			
Green building design and consultancy service income	(vii)	37,776	43,042
Purchases of intangible assets	(vii)	–	1,700
Purchases of products	(vii)	–	24,221
Purchases of services	(vii)	1,222	11,436
Payment of deposits for potential acquisitions	(vii)	–	360,000
Refund of payment of deposits for potential acquisitions	(vii)	360,000	–
The subsidiaries of the Group's controlling shareholder:			
Management service income	(vii)	7,530	3,708
Rental income	(vii)	1,469	2,420
Loan received	(ix)	16,000	–
The associates of a key management personnel of the Group:			
Purchases of services	(viii)	1,007	–

53. RELATED PARTY TRANSACTIONS *(continued)*

(a) *(continued)*

(i) The Group entered into the transactions with Inner Mongolia Jingjing Photoelectric Technology Co., Ltd. during the year ended 31 December 2016. The prices are set according to the net carrying amount of those sold plant and machinery.

(ii) The other charges mostly included the amounts that the Group charged the joint ventures and associates for rental transactions, water and electricity expenses and other overhead costs according to the actual costs incurred.

(iii) The purchases from associates were made according to the published prices and conditions offered by the associates to their major customers.

(iv) The Group entered into a contract with Jiansheng to lend RMB233,481,000 at an annual interest rate of 9%. The Group entered into a contract with Five Seasons cultural to offer interest-free loan of RMB22,000,000.

(v) The sales to the joint ventures were made according to the published prices and on credit terms similar to those offered to the major customers of the Group.

(vi) Mr. Ji, and his close family member entered into contracts with Nanjing Tianyun Real Estate Development Company Limited (a subsidiary of the Group) to purchase properties according to the common prices and conditions on the market.

(vii) The transactions are carried out on terms agreed by the Group and the respective counterparties, all of which are ultimately controlled by Mr. Ji or associates of Mr. Ji, a controlling shareholder and a director of the Company.

(viii) The Company purchases market promotion services from a company owned by a key management personnel of the Company according to the common prices and conditions on the market.

(ix) The loan received from a subsidiary of Mr. Ji was unsecured, non-interest-bearing and repayable on demand.

Except for the transactions with the Group's associates and joint ventures and payment/refund of deposits for potential acquisition, all the other related party transactions, are all connected transactions, some of which have been reported and announced under Chapter 14A of the Listing Rules, others are exempted from reporting, announcement and shareholder approval requirements under the Listing Rules.

53. RELATED PARTY TRANSACTIONS *(continued)*

(b) Outstanding balances with related parties:

(1) Details of the Group's loan to its associate as at the end of the reporting period are included in note 20 to the consolidated financial statements.

(2) Details of the Group's trade balances with its joint ventures and associates as at the end of the reporting period are disclosed in notes 26 and 33 to the consolidated financial statements.

(3) Details of the Group's other receivables and payables with its joint ventures, associates, holding companies and related parties as at the end of the reporting period are disclosed in notes 27 and 34 to the consolidated financial statements.

(c) Compensation of key management personnel of the Group:

	2016 **RMB'000**	2015 RMB'000
Short term employee benefits	**21,570**	10,960
Post-employment benefits	**334**	140
Total compensation paid to key management personnel	**21,904**	11,100

Further details of directors' and chief executives' emoluments are included in note 9 to the consolidated financial statements.

54. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2016

Financial assets

	Financial assets at fair value through profit or loss				
	Designated as such upon initial recognition RMB'000	Held for trading RMB'000	Loans and receivables RMB'000	Available-for-sale financial assets RMB'000	Total RMB'000
Structured bank deposits	–	–	739,000	–	739,000
Available-for-sale investments	–	–	–	1,070,090	1,070,090
Trade and bills receivables	–	–	7,281,539	–	7,281,539
Financial assets included in prepayments, deposits and other receivables	–	–	1,778,003	–	1,778,003
Consideration receivable	–	–	105,947	–	105,947
Loan receivables	–	–	728,216	–	728,216
Loan to an associate	–	–	241,426	–	241,426
Financial assets designated as at fair value through profit or loss	526,351	–	–	–	526,351
Financial assets held for trading	–	5,537,114	–	–	5,537,114
Pledged bank deposits	–	–	2,581,830	–	2,581,830
Cash and cash equivalents	–	–	3,864,068	–	3,864,068
	526,351	5,537,114	17,320,029	1,070,090	24,453,584

54. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

2016 *(continued)*

Financial liabilities

	Financial liabilities at fair value through profit or loss		
	Designated as such upon initial recognition RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Trade and bills payables	–	6,870,880	6,870,880
Financial liabilities included in other payables and accruals	–	1,736,547	1,736,547
Dividend payable	–	9,545	9,545
Embedded financial derivative portion of convertible bonds	2,895	–	2,895
Debt component of convertible bonds	–	20,786	20,786
Bank and other borrowings	–	8,975,918	8,975,918
Corporate bonds	–	8,387	8,387
	2,895	17,622,063	17,624,958

54. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

2015

Financial assets

	Financial assets at fair value through profit or loss			
	Designated as such upon initial recognition RMB'000	Held for trading RMB'000	Loans and receivables RMB'000	Total RMB'000
Trade and bills receivables	–	–	275,719	275,719
Financial assets included in prepayments, deposits and other receivables	–	–	50,157	50,157
Consideration receivable	–	–	1,349,936	1,349,936
Financial assets designated as at fair value through profit or loss	10,419	–	–	10,419
Financial assets held for trading	–	1,598,115	–	1,598,115
Pledged bank deposits	–	–	33,682	33,682
Cash and cash equivalents	–	–	1,240,551	1,240,551
	10,419	1,598,115	2,950,045	4,558,579

54. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

2015 *(continued)*

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade and bills payables	501,956
Financial liabilities included in other payables and accruals	644,529
Dividend payable	9,545
Acquisition consideration payables	21,058
Bank and other borrowings	977,270
Corporate bonds	7,743
	2,162,101

55. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		**Fair values**	
	2016 RMB'000	2015 RMB'000	**2016 RMB'000**	2015 RMB'000
Financial assets				
Available-for-sale investments:				
Listed equity investments	**781,508**	–	**781,508**	–
Financial assets designated as at fair value through profit or loss	**526,351**	10,419	**526,351**	10,419
Financial assets held for trading	**5,537,114**	1,598,115	**5,537,114**	1,598,115
Other receivables, non-current	**551,524**	–	**559,154**	–
Loan receivables	**728,216**	–	**759,394**	–
	8,124,713	1,608,534	**8,163,521**	1,608,534
Financial liabilities				
Embedded financial derivative portion of convertible bonds	**2,895**	–	**2,895**	–
Bank and other borrowings	**8,975,918**	977,270	**9,109,388**	984,768
	8,978,813	977,270	**9,112,283**	984,768

55. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Management has assessed that the fair values of cash and cash equivalents, pledged bank deposits, loan receivables, consideration receivable, certain financial assets included in prepayments, deposits and other receivables, trade and bills receivables, trade and bills payables, financial liabilities included in other payables and accruals, dividend payable, acquisition consideration payables, debt portion of convertible bonds and corporate bond approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair value of loan receivables, the non-current portion of other receivables, bank and other borrowings have been calculated by discounting the expected future cash flow using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for bank and other borrowings as at 31 December 2016 was assessed to be insignificant.

The fair values of financial assets designated as at fair value through profit or loss was determined by using the discounted cash flow method with the key inputs of quoted market prices and prevailing observable interest rates discounted at a rate that reflected the credit risk of various counterparties.

The fair values of financial assets held for trading and listed equity investments included in available-for-sale investments are derived from quoted market prices in active markets.

55. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2016

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Available-for-sale investments:				
Listed equity investments	781,508	–	–	781,508
Financial assets held for trading	5,537,114	–	–	5,537,114
Financial assets designated as at fair value through profit or loss	–	526,351	–	526,351
	6,318,622	526,351	–	6,844,973

As at 31 December 2015

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial assets held for trading	1,598,115	–	–	1,598,115
Financial assets designated as at fair value through profit or loss	–	10,419	–	10,419
	1,598,115	10,419	–	1,608,534

55. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy *(continued)*

Liabilities measured at fair value:

As at 31 December 2016

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Embedded financial derivatives portion of convertible bonds	–	–	2,895	2,895

The Group did not have any financial liabilities measured at fair value as at 31 December 2015.

A valuation on the Notes has been performed by Avista, an independent third party valuer, on 31 December 2016 by using the binomial method. The quantitative information about fair value measurements using significant unobservable inputs (Level 3) is as follows.

Description	31 December 2016 RMB'000	Valuation technique	Unobservable inputs	Adopted
Embedded financial derivatives	2,895	Binomial model	Credit spread (i)	8.00%
			Volatility (ii)	36.87%

Notes:

i. The credit spread adopted is determined with reference to the yield of other non-convertible instrument (or bonds) having the similar quality rating and similar investment characteristics.

ii. The volatility adopted was based on the average of the peer companies' volatilities (including the Company's volatility).

An increase in credit spread may result in an increase in the fair value of the derivatives. An increase in volatility may also result in an increase in the fair value of the derivatives.

The value of embedded financial derivatives varies with different variables of certain subjective assumptions, which have been made by the directors of the Company based on their best estimates

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2015: nil).

55. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy *(continued)*

Assets for which fair values are disclosed:

As at 31 December 2016

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Loan receivables	–	759,394	–	759,394
Other receivables, non-current	–	559,154	–	559,154
	–	1,318,548	–	1,318,548

The Group did not have any financial assets as at 31 December 2015, for which fair value needs to be disclosed.

Liabilities for which fair values are disclosed:

As at 31 December 2016

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Bank and other borrowings	–	9,109,388	–	9,109,388

As at 31 December 2015

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Bank and other borrowings	–	984,768	–	984,768

56. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include loan receivables, financial assets designed as at fair value through profit or loss, available-for-sale investments, financial assets held for trading, consideration receivables, trade and other receivables, pledged bank deposits, bank balances and cash, trade and other payables and bank and other borrowings. Details of the financial instruments are disclosed in the respective notes.

The risks associated with these financial instruments include interest rate risk, foreign currency risk, equity price risk, credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank and other borrowings (note 37), loan receivables (note 22), loan to an associate (note 20) and corporate bonds (note 39).

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank and other borrowings (note 37). Management monitors the interest rate exposures and will consider hedging significant interest rate exposures should the need arise.

The Group is also exposed to cash flow interest rate risk relates to pledged bank deposits and bank balances carried at prevailing market rates. However, such exposure is minimal to the Group as these bank balances are all short-term in nature.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the interest rate as stipulated by the People's Bank of China arising from the Group's RMB borrowings.

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate bank and other borrowings, which is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

For variable-rate bank and other borrowings, if the interest rates had been 50 basis points higher and all other variables were held constant, the Group's profit after tax for the year ended 31 December 2016 would have decreased by approximately RMB7,635,000 (2015: RMB1,584,000).

56. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. Approximately 3% (2015: 5%) of the Group's sales were denominated in currencies other than the functional currencies of the operating units making the sale, whilst approximately 4% (2015: 4%) of costs were not denominated in the units' functional currencies.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase/ (decrease) in RMB rate %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity* RMB'000
2016			
If the Hong Kong dollar weakens against the RMB	**5%**	**(7,600)**	**(82,503)**
If the Hong Kong dollar strengthens against the RMB	**(5%)**	**7,600**	**82,503**
If the United States dollar weakens against the RMB	**5%**	**(64,691)**	**896**
If the United States dollar strengthens against the RMB	**(5%)**	**64,691**	**(896)**
If the Euro weakens against the RMB	**5%**	**(14,931)**	**–**
If the Euro strengthens against the RMB	**(5%)**	**14,931**	**–**

	Increase/ (decrease) in RMB rate %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity* RMB'000
2015			
If the Hong Kong dollar weakens against the RMB	5%	(26,987)	(40,423)
If the Hong Kong dollar strengthens against the RMB	(5%)	26,987	40,423
If the United States dollar weakens against the RMB	5%	1,870	(321)
If the United States dollar strengthens against the RMB	(5%)	(1,870)	321

* Excluding retained profits

56. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Equity price risk

The Group's price risk is mainly exposed to equity price risk through its investments in listed equity securities. The Group's equity price risk is mainly concentrated on equity instruments quoted in the Hong Kong Stock Exchange. The Group closely monitors the price risk and will consider hedging the risk exposure should the need arise.

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting period. If the prices of the respective equity instruments had been 10% (2015: 10%) higher/lower, the profit after tax for the year ended 31 December 2016 would have increased/decreased by approximately RMB462,349,000 (2015: RMB133,443,000) as a result of the changes in fair value of the equity instruments.

Credit risk

The Group has no significant concentration of credit risk on its trade and other receivables as the exposures spread over a number of counterparties. In order to further minimise the credit risk on its trade and other receivables, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

The Group reviews the recoverable amount of each individual debtor at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by authorised credit rating agencies.

For properties that are pre-sold but development has not been completed, the Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of the properties, which were approximately RMB1,680,063,000 (2015: RMB1,080,207,000) as at 31 December 2016. If a purchaser defaults on the payment of its mortgage during the period of guarantee, the bank holding the mortgage may demand the Group to repay the outstanding loan and any interest accrued thereon. As the mortgage loans are secured by the properties with current market price higher than the guaranteed amounts, the directors of the Company consider that the Group would recover any loss that may arise from the guarantees provided by the Group.

The Group's concentration of credit risk by geographical locations is mainly in the PRC.

56. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilisation of bank and other borrowings and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest are floating rate, the undiscounted amount is derived from the interest rate curve at the end of the reporting period.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	2016					
	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Bank and other borrowings	**160,794**	**1,763,420**	**4,696,967**	**2,191,314**	**876,143**	**9,688,638**
Trade and bills payables	**68,734**	**1,643,450**	**5,158,696**	**–**	**–**	**6,870,880**
Other payables and accruals	**1,225,658**	**270,596**	**240,293**	**–**	**–**	**1,736,547**
Financial guarantee contracts	**1,680,063**	**–**	**–**	**–**	**–**	**1,680,063**
Dividend payable	**9,545**	**–**	**–**	**–**	**–**	**9,545**
Corporate bonds	**–**	**161**	**491**	**11,215**	**–**	**11,867**
Convertible bonds	**–**	**–**	**22,497**	**–**	**–**	**22,497**
	3,144,794	**3,677,627**	**10,118,944**	**2,202,529**	**876,143**	**20,020,037**

	2015					
	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Bank and other borrowings	–	198,789	659,595	118,743	83,171	1,060,298
Trade and bills payables	103,204	65,123	333,629	–	–	501,956
Other payables and accruals	644,529	–	–	–	–	644,529
Financial guarantee contracts	1,080,207	–	–	–	–	1,080,207
Dividend payable	9,545	–	–	–	–	9,545
Corporate bonds	–	154	466	11,280	–	11,900
Acquisition consideration payables	–	–	–	23,000	–	23,000
	1,837,485	264,066	993,690	153,023	83,171	3,331,435

56. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk *(continued)*

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of each reporting period.

The amount included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee for loans procured by the purchasers of the Group's properties. Based on the expectations at the end of the reporting period, the Group considers that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2016 and 2015.

56. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Capital management *(continued)*

The Group monitors capital using a gearing ratio, which is calculated as a ratio of the sum of bank and other borrowings, obligation under financae leases, convertible bonds and corporate bonds to total assets. The gearing ratios as at the end of the reporting periods were as follows:

	2016 RMB'000	2015 RMB'000
Bank and other borrowings	**8,975,918**	977,270
Obligation under finance leases	**7,007**	–
Convertible bonds	**23,681**	–
Corporate bonds	**8,387**	7,743
	9,014,993	985,013
Non-current assets	**19,817,545**	810,559
Current assets	**28,477,128**	8,555,807
Total assets	**48,294,673**	9,366,366
Gearing ratio	**19%**	11%

57. EVENTS AFTER THE REPORTING PERIOD

(a) On 20 January 2017, the Group has completed the acquisition of 90% issued share capital of Sparrow Early Learning Pty. Ltd. The deposit paid for potential acquisition of AUD769,340 (equivalent to approximately RMB4,021,000) as at 31 December 2016 has been used to settle certain consideration payables for the acquisition.

(b) On 23 January 2017, the Group entered into a formal equity transfer agreement with Kunshan Ronghui Properties Development Limited ("昆山市融匯房地產開發有限公司") in relation to the acquisition of the entire equity interest in Kunshan Herong Properties Development Limited ("昆山和融房地產開發有限公司") ("**Kunshan Herong**") at a cash consideration of RMB26,410,000. Kunshan Herong is principally engaged in property development and operation. The directors consider that the acquisition of Kunshan Herong will enrich the property development business of the Group. The acquisition has not yet been completed as at the date of approval of the financial statements.

57. EVENTS AFTER THE REPORTING PERIOD *(continued)*

(c) On 9 February 2017, the Company entered into a non-legally binding memorandum of undertaking with Inmark Asset Management Pte Ltd ("**Inmark**") and Crystal Hills Inc. ("**Crystal Hills**") in its capacity as consultant in relation to the proposed formation of a Cayman Islands domiciled real estate fund (the "**Fund**"). The initial aggregate seed capital of the Fund is intended to be approximately US$100 million, in which approximately US$60 million to be contributed by the Company or its affiliates and US$40 million of co-investment capital to be procured by Inmark from Korean institutional investors. The directors consider that the formation of the Fund will enable the Group to capture to the global real estate or real estate related investment opportunities and further expand the Group's investment portfolio in real estate and tourism and resort. No capital has been injected as at the date of approval of the consolidated financial statements.

(d) On 23 February 2017, the Group entered into a sale and purchase agreement to dispose of its entire interest in Nanjing High Accurate Marine Equipment Co., Ltd., a subsidiary of the Group as at 31 December 2016 to an independent third party for a total consideration of RMB607,000,000. The gain on disposal before tax is expected to be approximately RMB49,000,000.

(e) On 3 March 2017, the Group entered into the sale and purchase agreement with GSH Properties Pte. Ltd. ("**GPPL**"), TYJ Group Pte. Ltd. ("**TYJ**") and Vibrant DB2 Pte. Ltd. ("**VDPL**") (collectively the "**Vendors**") in relation to the acquisition of the entire issued capital of Plaza Venture Pte. Ltd. ("**PVPL**") at an original cash consideration of Singapore dollar ("**SGD**") 231,943,895 (equivalent to approximately RMB1,131,370,000), subject to (i) the deduction of estimated costs and liabilities of SGD3,923,069 (equivalent to approximately RMB19,136,000) incurred by PVPL up to completion of the acquisition and (ii) the difference between the surveyed construction costs determined by a quantity surveyor appointed by PVPL and the accrued construction costs fully recognised as incurred in the unaudited management accounts of PVPL for the period from 1 January 2016 to 30 November 2016. In addition, the shareholder loans in the books of PVPL as at 31 March 2017, owed to the Vendors by PVPL would be assigned to the Group at the date of completion. As at 31 January 2017, the aggregate amount of shareholder loans was SGD133,998,000 (equivalent to RMB646,777,000). PVPL is a private company incorporated in Singapore, which owns and develops a commercial and office development project in Singapore. The directors consider that the acquisition of PVPL would expand the Group's capabilities and opportunities in green and healthy living business of the Group. The acquisition has not yet been completed as at the date of approval of the consolidated financial statements.

(f) On 23 March 2017, Nanjing High Accurate Drive Equipment Manufacturing Group Co., Ltd., a subsidiary of the Group, issued a corporate bond of RMB900,000,000, which carries an interest rate of 6.47% per annum with a term of not more than 5 years.

58. SHARE-BASED PAYMENT TRANSACTIONS

The Company's newly acquired subsidiary, CHS, had adopted a share option scheme (the "**Scheme**") on 8 June 2007 for the primary purpose of providing incentives to directors and eligible employees, and will expire on 8 June 2017. Under the Scheme, the board of directors of CHS may grant options to:

(i) any full-time or part-time employees, executives or officers of CHS or any of its subsidiaries;

(ii) any directors (including non-executive directors and independent non-executive directors) of CHS or any of its subsidiaries;

(iii) any advisers, consultants, suppliers, customers and agents to CHS or any of its subsidiaries; and

(iv) such other persons who, in the sole opinion of the board of directors of CHS, will contribute or have contributed to the CHS and its subsidiaries ("**CHS group**"). The assessment criteria of which are:

- contribution to the development and performance of the CHS group;
- quality of work performed for the CHS group;
- initiative and commitment in performing his/her duties; and
- length of service or contribution to the CHS group.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of CHS in issue at any point of time, without prior approval from CHS's shareholders to refresh the said limit to not exceed 30% of the issued share capital of CHS from time to time. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of CHS in issue at any point in time, without prior approval from CHS's shareholders. Options granted to substantial shareholders or independent non-executive directors or any of their associates in excess of 0.1% of CHS's share capital or with a value in excess of HK$5 million must be approved in advance by CHS's shareholders.

Option granted must be taken up within 12 months of the date of grant, upon payment of HK$1 per grant. Options may be exercised at any time after the date upon which the option is deemed to be granted and accepted and prior to the 10th anniversary of the date of grant. The exercise price is determined by the directors of CHS, and must be at least the higher of (i) the closing price of CHS's shares on the date of grant, (ii) the average closing price of CHS's shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the CHS's share.

No share option was granted by CHS in 2015 and 2016, and there were no outstanding share options at 31 December 2016.

59. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Major non-cash transactions

During the year ended 31 December 2015 and 2016, the Group has acquired certain subsidiaries by share consideration. Details of the acquisitions are set out in notes 46(b), (c), (d) and (f) to the consolidated financial statements.

60. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2016 RMB'000	2015 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	1,848	969
Investments in subsidiaries	2,120,836	822,383
Total non-current assets	2,122,684	823,352
CURRENT ASSETS		
Deposit paid for potential acquisitions	33,897	–
Due from subsidiaries	15,686,545	1,135,108
Consideration receivable	–	745,432
Prepayments, deposits and other receivables	2,849	1,816
Pledged bank deposits	22,272	–
Cash and cash equivalents	58,237	560,615
Total current assets	15,803,800	2,442,971
CURRENT LIABILITIES		
Due to a subsidiary	1	1,862
Other payables and accruals	10,894	6,479
Convertible bonds	23,681	–
Taxation payable	4,088	4,089
Total current liabilities	38,664	12,430
NET CURRENT ASSETS	15,765,136	2,430,541
TOTAL ASSETS LESS CURRENT LIABILITIES	17,887,820	3,253,893
NON-CURRENT LIABILITIES		
Corporate bonds	8,387	7,743
Deferred tax liabilities	14,797	–
Total non-current liabilities	23,184	7,743
Net assets	17,864,636	3,246,150
EQUITY		
Share capital	161,084	124,942
Equity reserve	422,833	422,833
Reserves	17,280,719	2,698,375
Total equity	17,864,636	3,246,150

60. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

A summary of the Company's reserves is as follows:

	Share premium RMB'000	Contributed surplus RMB'000	Other reserve RMB'000	Retained profits RMB'000	Total RMB'000
Balance at 1 January 2015	737,703	82,603	–	–	820,306
Profit for the year	–	–	–	88,724	88,724
Acquisition of subsidiaries	2,112,523	–	(485,080)	–	1,627,443
Issue of shares	584,735	–	–	–	584,735
At 31 December 2015	3,434,961	82,603	(485,080)	88,724	3,121,208
Final 2015 dividend declared	(156,381)	–	–	–	(156,381)
Total comprehensive income for the year	–	–	–	230,228	230,228
Issue of shares	1,718,977	–	–	–	1,718,977
Issue of shares upon conversion of convertible bonds	172,911	–	–	–	172,911
Acquisition of subsidiaries	12,275,000	–	–	–	12,275,000
Acquisition of an associate	341,609	–	–	–	341,609
At 31 December 2016	17,787,077	82,603	(485,080)	318,952	17,703,552

61. COMPARATIVE AMOUNTS

During the year, certain comparative figures in respect of the year ended 31 December 2015 have been reclassified to conform with the current year's presentation.

62. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 30 March 2017.

Five Years Financial Summary

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements and restated/reclassified as appropriate, is set out below.

	2012	2013	2014	2015	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	***RMB'000***
	(restated)		(restated)	(restated)	
	(note 4)	(note 4)	(note 3)	(note 2)	(note 1)
RESULTS					
Revenue	399,140	859,393	793,403	3,095,611	**4,311,423**
Profit/(loss) before tax	107,391	(113,255)	(1,005,262)	1,446,352	**3,749,441**
Income Tax expense	(73,994)	(88,083)	(59,481)	(226,430)	**(716,436)**
Profit/(loss) for the year from continuing operations	33,397	(201,338)	(1,064,743)	1,219,922	**3,033,005**
Loss for the year from discontinued operation	–	(32,042)	–	–	**–**
Profit (loss) for the year	33,397	(233,380)	(1,064,743)	1,219,922	**3,033,005**
Attributable to:					
Owners of the Company	30,466	(241,746)	(1,070,988)	1,217,827	**3,105,196**
Non-controlling interests	2,931	8,366	6,245	2,095	**(72,191)**
	33,397	(233,380)	(1,064,743)	1,219,922	**3,033,005**

Five Years Financial Summary

ASSETS AND LIABILITIES

	2012	2013	2014	2015	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	***RMB'000***
	(restated)		(restated)	(restated)	
	(note 4)	(note 4)	(note 3)	(note 2)	(note 1)
Total assets	1,681,096	1,465,497	4,423,736	9,366,366	**48,294,673**
Total Liabilities	(1,291,387)	(1,660,242)	(2,254,889)	(4,048,130)	**(22,116,120)**
Total equity (capital deficiency)	389,709	(194,745)	2,168,847	5,318,236	**26,178,553**
Attributable to:					
Owners of the Company	370,246	(222,574)	1,960,129	5,082,000	**22,556,696**
Non-controlling interests	19,463	27,829	208,718	236,236	**3,621,857**
	389,709	(194,745)	2,168,847	5,318,236	**26,178,553**

Notes:

1) The financial figures for the year ended 2016 were extracted from the consolidated financial statements.

2) The financial figures for the year ended 2015 have been restated due to application of merger accounting for business combination under common control in respect of the acquisition of Anke Group, Five Seasons VI Group and Fullshare Group Pte. Ltd as disclosed in note 47 to the consolidated financial statements.

3) The financial figures for the year ended 2014 was extracted from 2015 annual report and the financial figures has been restated due to application of merger accounting for business combination under common control in respect of the acquisition of Nanjing Fullshare Property Dazu Technology Company Limited and New Energy Group. No retrospective adjustment for the common control combinations during the Year 2016 were made on the financial figures for the year 2014.

4) The financial figures for the years 2012 to 2013 were extracted from 2014 annual report and the financial figures for the years 2012 to 2013 have been prepared as a continuation of the consolidated financial statements of Nanjing Fullshare Asset Management, being the acquirer of the Company for accounting purposes in a very substantial acquisition and reverse takeover completed on 12 December 2013. No retrospective adjustment for the common control combinations during the Year 2016 were made on the financial figures for the years 2012 to 2013.