

NOTES TO FINANCIAL STATEMENTS

31 December 2016

28. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND PLEDGED DEPOSITS

	2016 RMB'000	2015 RMB'000
Cash and bank balances	8,602,758	6,247,028
Less: Restricted cash (notes)	(1,128,823)	(989,957)
Pledged deposits (note (e))	(261,941)	(421,992)
Cash and cash equivalents	7,211,994	4,835,079

Notes:

- (a) Pursuant to the relevant regulations in the PRC, certain property development companies of the Group are required to place at designated bank accounts certain amounts of pre-sales proceeds of properties as guarantee deposits for the construction of the related properties. The deposits can only be used for purchases of construction materials and payments of construction fees for the relevant property projects. As at 31 December 2016, such guarantee deposits amounted to RMB790,511,000 (2015: RMB706,596,000).
- (b) According to the relevant mortgage facility agreements signed by certain subsidiaries of the Group with their banks, the subsidiaries are required to place at designated bank accounts certain amounts as deposits for potential default of mortgage loans advanced to property purchasers. Such guarantee deposits will be released after the property ownership certificates of the relevant properties are passed to the banks. As at 31 December 2016, such deposits amounted to RMB38,620,000 (2015: RMB27,784,000).
- (c) Pursuant to a management agreement entered into between the Sports Bureau and Straits Sports Centre, the fund advanced by the Sports Bureau that is deposited in a designated bank account can only be used for payments of construction costs and expenditures incurred for the construction of the Facilities. As at 31 December 2016, such advance amounted to RMB6,000,000 (2015: RMB6,000,000).
- (d) In addition to the restrictions as detailed in notes (a), (b) and (c) above, certain subsidiaries of the Group are also required to place certain of their bank deposit amounts as guarantee deposits for the public maintenance fund, or there are restrictions as to the use of certain unutilised bank loan proceeds and proceeds from the perpetual capital instruments (note 39) deposited in the subsidiaries' bank accounts. As at 31 December 2016, the aggregate amount of such deposits amounted to RMB293,692,000 (2015: RMB249,577,000).
- (e) The bank deposits were pledged to secure general banking facilities and bills payable granted to the Group (note 44).

At the end of the reporting period, the cash and bank balances and time deposits of the Group denominated in RMB amounted to RMB8,534,948,000 (2015: RMB5,881,050,000). RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, 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 immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. All the bank balances and time deposits are deposited with creditworthy banks with no recent history of default.