廣州富力地產股份有限公司

GUANGZHOU R&F PROPERTIES CO., LTD.*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock code: 2777)

2017 INTERIM RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

- Contracted sales increased by 30% to RMB38.81 billion.
- Recognised revenue was RMB20.41 billion.
- Core profit increased by 22% to RMB2.05 billion, excluding revaluation and perpetual capital instruments impact.
- Net profit increased by 2% to RMB2.48 billion.
- Significant increase in gross profit margin from sale of properties to 38.7%.
- Gross profit margin was 36.2% and net profit margin was 12.2%.
- Significant reduction in effective cost of borrowings to 5.04% from 6.57%.
- Abundant cash reserves of RMB32.42 billion available.
- Interim dividend per share of RMB0.33.

The board of directors (the "Board") of Guangzhou R&F Properties Co., Ltd. (the "Company") are pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2017. The condensed consolidated interim financial information appended at the end of this announcement forms an integral part of this announcement. The interim results have been reviewed by the audit committee of the Company.

RESULTS AND DIVIDEND

For the six months ended 30 June 2017, the Group achieved a total revenue of RMB20.41 billion, and net profit of the Group increased to RMB2.48 billion over the corresponding period last year.

During the period, revenue from the Group's core business of property development amounted to RMB18.23 billion based on the delivery of 1,654,000 sq.m. of area sold. Net profit from the Group's core business of property development increased by 10% to RMB2.27 billion. The increase in profit was mainly due to a significantly higher gross margin of 38.7%. Total saleable area of 1,361,000 sq.m. was completed from the sale properties in the period. Recurring revenue from property investment and hotel operations segments continued its stable growth of 13% during the period to RMB1,172 million. Profitability from property investments continues to provide an important contribution to the Group with net profit margin (excluding revaluation) of 53%. The Board have resolved to declare an interim dividend of RMB0.33 per share.

BUSINESS REVIEW

In the first half of 2017, the China property market went from strength to strength even as policymakers introduced austerity to curb the market speculation and property price increases. The strength of contracted sales was largely driven by a pick up in volume in third and fourth tier cities where end user demand and urbanisation provided the growth engines. In contrast to previous periods, contracted sales and property markets in first and second tier cities saw relatively slower growth as a result of stricter policies introduced specifically focusing on cooling the property market that curbed sales momentum. During the first half of 2017, there was a clear distinction in the various property markets as policymakers placed restrictions on buyers, selling price, mortgage loan and sales permits in the first tier and second tier cities that saw rapid price growth in 2016, including Guangzhou, Beijing, Shenzhen, Shanghai, Nanjing, Hangzhou, Tianjin, and Chengdu. In contrast, local governments in cities with steady price growth and high housing inventories were less severe to allow continued support for first time buyers and promote rural-to-urban migration.

Despite the introduction of more severe policies to cool China's property market, listed developers exhibited strong year-on-year and month-on-month sales growths. Listed developers saw year-on-year growths in the first half of 2017 of on average 52% over the same period in 2016 (based on observed relevant listed companies). Whilst contracted sales growth in the first half of 2016 was also significant, the growth was on the back of policy easing versus policy tightening, and therefore, the growth in 2017 further shows the depth of how China's property market has developed. On the back of developers beginning to adopt a city diversification strategy through land banking in recent years, many developers set higher contract sales targets in 2017 as a result of having higher sales resources available to capture the resilient property market, these same developers achieved a high proportion of sales of between 35% to 80% of their full year's contracted sales target in the first half of 2017. It was also increasingly becoming clear that these larger developers have increased the pace at which market consolidation was taking place given the pace of their growth had outpaced the market. For the Group, the contracted sales achieved for the first six months was RMB38.81 billion and out beat our expectation. The Company raises full year contracted sales target to RMB80 billion.

In 2016, the Group began to diversify its sales and revenue profile beyond first tier cities which saw a significant increase in GFA sold and recognised at the expense of flat to lower gross margins. This trend in gross margins represented a first entry into new cities and launch of initial phases of projects at lower prices to capture initial sales and stimulate momentum. However, with the strength in sales and established new markets, the Group has seen a recovery in gross margins to 38.7% versus 27.1% for the first half of 2016 and 29.8% for full year 2016. The improvement in gross margin trend signifies the expansion and growth of the Group's scale balances the sustainability of profitability over a long term basis. We expect this margin trend to apply to the remainder of the Group's 2017 sales and earnings.

Amidst the backdrop of the above, the Group also raised its profile amongst its peers in a number of areas. Firstly, the bar for 2017 contracted sales target continued to be raised to RMB80 billion, representing a growth of 31% over the contracted sales target achieved in 2016. Secondly, in order to meet the Group's annual sales target, the monthly contracted sales achieved has increased to RMB6.5 billion per month of which four of the first six months achieved sales in excess of RMB7 billion, which contrasts to previous monthly sales trends of RMB4 billion to RMB6 billion. The consistency of monthly contracted sales that excludes block and lumpy project sales illustrates the Group's ability to deliver on a larger platform. Thirdly, the Group continues to expand regional presence through land bank acquisitions. The Group has grown to 51 cities and areas, of which, non first tier cities exposure has increased from 51% in 2016 to 66% in the first half of 2017 in terms of contracted sales achieved. This continued expansion minimises concentration risk that may be affected by macro or specific policy risks in certain cities or regions.

In order to be able to synchronise our growth objectives and sales strategy whilst ensuring sustainability, the Group has increased land bank acquisitions in line with the strong sales growth to ensure availability of future saleable resources. In the first half of 2017, the Group committed RMB31.6 billion in land purchases equivalent to 11.4 million sq.m. at approximately RMB2,800 per sq.m.. Based on a preliminary assessment, the newly acquired land bank will provide in excess of RMB142 billion of additional saleable resources. After the acquisitions and completion delivery during the period, the Group has approximately 48.5 million sq.m. of land bank.

From a financing perspective, the Group has undertaken a number of activities to strengthen the liquidity and cost base despite gearing increasing to 193% versus 160% net debt to equity when compared to December 2016. In January, the Group completed the early redemption of a US$1,000 million 8.5% p.a. coupon senior note maturing in 2019 and a US$600 million 8.75% p.a. coupon senior note maturing in 2020. The early redemption set out to achieve key objectives of lowering the Group's overall finance costs and terming out the maturity profile of debt. To partly refinance the early redemption, the Group also completed a US$725 million 5.75% p.a. coupon senior note issuance in January that marked the lowest cost for an offshore bond financing to date for the Group. As at the end of the first half of 2017, the weighted average cost of financing of all interest bearing debt was 5.04% p.a., significantly lower than that for same period 2016 of 6.57% p.a.

In addition to offshore financing, the Group also continued to take advantage of our financing strength onshore to issue two tranches of RMB2 billion in total of medium-term notes with a domestic rating of AAA. The medium-term notes were issued at 5.25% and 5.50% p.a. with a term of 3 years. As of to date, the Group still has up to RMB5 billion of approved unused quota of medium-term notes as potential issuance to provide necessary liquidity.

On the A-share listing plans, the Group continues to advance the listing process. The Group continues to actively engage and address any follow-up responses from the regulatory bodies in order to be in a position to receive listing approval. The Group continues to remain optimistic in satisfying and meeting the necessary requirements for an onshore A-share listing that will significantly enhance the profile of the Group's capital structure.

GOING FORWARD

With sales being strong in the first half and continuing to see growth going into July, the Group raises its full year contracted sales target to RMB80 billion. Typically, second half contract sales momentum is stronger as a result of seasonality and a disproportionately higher amount of saleable resources and new project and or phase launches that ensure the first half sales trend continues for the remainder of the year. To date, there have only been 4 new project launches with a targeted total of 28 new project launches for the full year that will contribute to saleable resources in 2017 and 2018. Whilst we expect policies to continue to remain strict and get adjusted to address market trends on a city-by-city basis, we believe the effect will be offset by rigid property demands which remains quite robust.

GFA delivery also remains a key focus on achieving our profitability targets. The Group has set a delivery target of 4.8 million sq.m. for 2017, or 14% growth over GFA recognised in 2016 revenue, of which 1.65 million sq.m. was recognised in the first half. When compared to the Group's full year target GFA delivery, as at the end of July, the Group has pre-sold 5.5 million sq.m. for deliver in 2017 and 2018. For the 2017 delivery, over 80% in terms of GFA has been pre-sold. Hence, the Group's delivery plans and contracted sales going forward will set the basis for achieving our profitability targets in 2017.

After making a number of land acquisitions to date and completion of the announced major acquisition of 77 hotel assets from Dalian Wanda Commercial Properties Co., Ltd. on 19 July, the Group will have significantly increased its land bank scale of saleable resources and long-term investment and hotel portfolio to become globally the largest owner of deluxe hotel assets. Management will continue to seek to enlarge the overall scale of the Group and rationalise the new hotel portfolio with our existing portfolio assets to increase the proportion of recurring income and profits. Similarly, the Group will continue to seek land bank to replenish and expand the scale of the Group. Given recent policies that have suppressed growth in average selling prices, we expect price growth of land bank to also be more moderate to create opportunities for the Group to secure land bank with attractive returns.

FINANCIAL REVIEW

The Group's net profit for the six months ended 30 June 2017 increased to RMB2.48 billion, from RMB2.42 billion for the corresponding period last year. Net profit from the Group's core business of property development accounted for 92% of the Group's total net profit and amounted to RMB2.27 billion. Compared to the previous period, net profit from property development increased by 10%, based on a delivery of 1,654,000 sq.m. in terms of saleable area in the period. Profit from property investment, not including any fair value gain, was RMB235 million. Fair value gain in the period amounted to RMB479 million. Revenue from hotel operations and other segments increased by 16%, compared to the previous period, to RMB1.73 billion mainly due to increase in revenue of two hotels in Guangzhou and Chongqing and increase in contribution from property management.

The following comments on the components of the income statement, with the exception of #6 (on finance costs) and #9 (on net profit), relate only to property development:

1. Revenue decreased by 11% to RMB18.23 billion, from RMB20.50 billion in the same period in 2016. The Group completed and delivered properties in 21 cities in the six months ended 30 June 2017. The amount of saleable area sold decreased by 12% to 1,654,000 sq.m. from 1,873,400 sq.m.. The overall average selling price was comparable to the same period in last year at RMB11,000 per sq.m.. However, this stable overall selling price came from a varied sales mix. The top three projects, Beijing R&F New Town, Huizhou R&F Bay Shore and Beijing Tongzhou R&F Centre, which individually had revenue of over RMB1.2 billion and a combined revenue of RMB4.3 billion or 24% of total revenue and carried average selling price from RMB8,500 to RMB42,200 per sq.m.. Based on revenue distribution by cities in the period, Beijing had the highest revenue of all cities where the Group operated. It accounted for 18% of total revenue. In terms of amount, revenue in Beijing amounted to RMB3.33 billion and was mainly derived from the aforementioned Beijing R&F New Town and Beijing Tongzhou R&F Centre. Huizhou's revenue ranked second for the first time with revenue amounted to RMB2.20 billion in the period, equivalent to 12% in total. Guangzhou ranked third in revenue with the delivery of R&F Ying Yao Plaza and increased its revenue to RMB2.11 billion. These top three cities ranked by revenue in the period, Beijing, Huizhou and Guangzhou, together accounted for 42% of total revenue as compared to 34% from the top three cities (Taiyuan, Shanghai and Beijing) in the previous period. The remaining 58% of revenue for this period was contributed by the other eighteen cities in which the Group operated, the more significant of which were Hainan, Taiyuan and Hangzhou contributed approximately 6% to 12% each.

The following is the summary of revenue by city:

City	Amount of turnover *(in RMB million)*	Saleable area sold *(sq.m.)*	Average Selling Price *(RMB/sq.m.)*
Beijing	3,327	243,000	13,700
Huizhou	2,203	227,300	9,700
Guangzhou	2,112	71,400	29,600
Hainan	2,101	148,800	14,100
Taiyuan	1,361	162,800	8,400
Hangzhou	1,138	71,100	16,000
Foshan	1,051	103,900	10,100
Tianjin	674	32,100	21,000
Harbin	599	41,300	14,500
Meizhou	532	109,000	4,900
Chongqing	501	87,700	5,700
Chengdu	464	72,700	6,400
Xian	436	64,600	6,700
Baotou	422	73,700	5,700
Shanghai	325	28,000	11,600
Changsha	269	37,500	7,200
Datong	194	35,100	5,500
Shenyang	169	21,900	7,700
Fuzhou	162	6,700	24,100
Nanjing	152	11,800	12,800
Wuxi	43	3,600	12,000
Total	18,235	1,654,000	11,000

2. Cost of goods sold consists of land and construction costs, capitalised finance costs, and business tax. For the current period, land and construction costs made up 88% of the Group's total costs as compared to 87% in the previous period. In terms of costs per sq.m., land and construction costs decreased to RMB5,920 from RMB6,950 in the previous period. A main reason for this decrease was that, compared to the previous period, a larger portion of the period's total revenue came from delivery of housing projects with lower land and construction costs. The top two projects, Beijing R&F New Town and Huizhou R&F Bay Share both carried low land and construction costs per sq.m. of average RMB4,210. Capitalised finance costs included in the period's cost of goods sold amounted to RMB1,093 million up from RMB1,047 million, representing approximately 10% of total costs, versus 7% for the previous period. As a percentage of revenue from sale of properties, capitalised finance costs increased from 5.1% to 6.0%. The cost of goods sold also included RMB297 million in business tax, making up 2% of costs.

3. Overall gross margin for the period was 38.7%, as compared to 27.1% in the same period in 2016. The increase was the result of the top three in revenue projects, Beijing R&F New Town, Huizhou R&F Bay Shore and Beijing Tongzhou R&F Centre have gross margin above 41%. There were twelve projects with sales directly comparable to those in the previous period and there were ten projects with increased gross margin, while only two projects with decreased gross margin.

4. Other income and other gains-net were mainly the result of interest income.

5. Selling and administrative expenses for the period increased by 25% or RMB368 million, to RMB1,849 million. This increase was in line with the contracted sales growth of 30% higher than the previous period. Selling and administrative expenses as a percentage of revenue increased to 10.1% from 7.2%.

6. Finance costs decreased 3% to RMB968 million for the period (1H 2016: RMB1,001 million), which includes total interest expenses of RMB3,164 million and net foreign exchange gains of RMB441 million incurred in the period and after deducting capitalised finance costs of RMB1,755 million to development projects. The 2% decrease in total interest expenses was related to a decrease in average interest rate from 6.57% to 5.04% although there was an increase of average borrowings outstanding to RMB124.4 billion from RMB98.6 billion in the previous corresponding period. Together with RMB1,093 million (1H 2016: RMB1,047 million) charged to cost of goods sold related to capitalised finance costs, the total finance costs incurred during the period amounted to RMB2,061 million (1H 2016: RMB2,048 million).

7. The share of results of associates and joint ventures were mainly from a 33.34% interest in Guangzhou Liedecun project, 50% interest in Shanghai New Jiangwan project, 25% interest in Tianjin Jinnan New Town project, 60% interest in Guizhou Da Xi Nan project and 50% interest in Guangzhou Senhua project. These five projects had a combined turnover of RMB1.82 billion in the period.

8. Land appreciation tax (LAT) of RMB1,305 million (1H 2016: RMB705 million) and enterprise income tax of RMB1,004 million brought the Group's total income tax expenses for the period to RMB2,309 million. As a percentage of revenue, LAT increased to 7.2% from 3.4% for the same period in 2016. This increase mainly came from higher overall gross margin in the period. The effective enterprise income tax rate was 31% (1H 2016: 27%).

9. Overall, the Group's net profit margin for the period was 12.2%, as compared to 10.8% in the previous period. While the net profit margin of the core property development rised to 12.5% in line with a higher gross margin from properties sold and delivered.

OTHER INFORMATION

Purchase, Redemption or Sale of Listed Securities of the Company

During the six months ended 30 June 2017, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

Compliance with the Model Code by Directors and Supervisors of the Company

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") laid out in Appendix 10 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as the code of conduct for directors and supervisors in any dealings in the Company's securities. The Company has made specific enquiries of each director and supervisor, each of whom has confirmed their compliance with the Model Code during the six months ended 30 June 2017.

Compliance with the Corporate Governance Code

The Group is committed to enhancing its corporate governance practices and procedures. It complies strictly with the PRC Company Law and other applicable laws and regulations. In particular, it has observed the principles and code provisions set out under the Corporate Governance Code and Corporate Governance Report as stated in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2017, save for the deviation on Code E.1.2. Mr. Lai Ming, Joseph, the chairman of audit committee of the Company at that time, was unable to attend the Company's annual general meeting held on 19 May 2017 as he had other important business engagement.

Audit Committee

The audit committee of the Company was established with written terms of reference in accordance with Appendix 14 to the Listing Rules. The audit committee is delegated by the Board to be responsible for reviewing the accounting policies and practices adopted by the Group as well as reviewing internal control, risk management and financial reporting matters of the Group. There were no disagreements from the audit committee or the external auditors on the accounting policies adopted by the Company.

The audit committee comprises Mr. Wong Chun Bong (chairman of the audit committee) (appointed on 19 May 2017), Mr. Lai Ming, Joseph (ex-chairman of the audit committee) (ceased to act with effect from 19 May 2017) and Mr. Zheng Ercheng who are independent non-executive directors of the Company and Ms. Li Helen who is a non-executive director of the Company. The audit committee has reviewed the unaudited interim results of the Company for the six months ended 30 June 2017. The Company's auditor, PricewaterhouseCoopers, has also reviewed the unaudited condensed consolidated interim financial information for the period in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

Interim Dividend Payment and Closure of Register of Members

The Board has declared an interim dividend for the six months ended 30 June 2017 (the "Interim Dividend") of RMB0.33 per share to shareholders whose names appear on the register of members of the Company as at the close of business on 15 September 2017. The Interim Dividend will be paid on 13 October 2017.

The H share register of members of the Company will be closed from 11 September 2017 (Monday) to 15 September 2017 (Friday) (both dates inclusive), during which period no transfer of H shares will be registered. In order to establish entitlements to the Interim Dividend, all the share transfer documents must be lodged with the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 8 September 2017 (Friday).

According to the Company's articles of association, dividend payable to shareholders shall be calculated and declared in RMB. Dividends payable to holders of the Company's domestic shares shall be paid in RMB, whereas dividends payable to holders of the Company's H shares shall be in Hong Kong Dollar. The exchange rate to be adopted shall be the average closing rate of the one-week period preceding the date of declaration of dividend as announced by the People's Bank of China. The Interim Dividend is also subject to PRC withholding tax.

The average of the closing exchange rates for RMB to Hong Kong Dollar as announced by the People's Bank of China for the one-week period prior to 22 August 2017, the date on which the Interim Dividend was declared, was RMB0.853014 to HK$1.00. Accordingly, the amount of Interim Dividend payable per H share is HK$0.386863.

According to the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) and its implementation regulations (the "EIT Law"), the tax rate of the enterprise income tax applicable to the income of a non-resident enterprise deriving from the PRC is 10%. For this purpose, any H shares registered under the name of non-individual enterprise, including the H shares registered under the name of HKSCC Nominees Limited, other nominees or trustees, or other organizations or entities, shall be deemed as shares held by non-resident enterprise shareholders (as defined under the EIT Law). The Company will distribute the dividend to those non-resident enterprise shareholders subject to a deduction of 10% enterprise income tax withheld and paid by the Company on their behalf.

Any resident enterprise (as defined under the EIT Law) which has been legally incorporated in the PRC or which was established pursuant to the laws of foreign countries (regions) but has established effective administrative entities in the PRC, and whose name appears on the Company's H share register should deliver a legal opinion ascertaining its status as a resident enterprise furnished by a qualified PRC lawyer (with the official chop of the law firm issuing the opinion affixed thereon) and relevant documents to Computershare Hong Kong Investor Services Limited in due course, if they do not wish to have the 10% enterprise income tax withheld and paid on their behalf by the Company.

Pursuant to the Notice on the Issues on Levy of Individual Income Tax after the Abolishment of Guoshuifa (1993) No. 045 Document (關於國稅發(1993)045號文件廢止後有關個人所得稅徵管問題的通知) (the "Notice") issued by the State Administration of Taxation on 28 June 2011, the dividend to be distributed by the PRC non-foreign invested enterprise which has issued shares in Hong Kong to the overseas resident individual shareholders, is subject to the individual income tax with a tax rate of 10% in general.

However, the tax rates for respective overseas resident individual shareholders may vary depending on the relevant tax agreements between the countries of their residence and Mainland China. Thus, 10% individual income tax will be withheld from the dividend payable to any individual shareholders of H shares whose names appear on the H share register of members of the Company on the record date, unless otherwise stated in the relevant taxation regulations, tax treaties or the Notice.

Profit Distribution to Investors of Southbound Trading

For investors of the Shanghai Stock Exchange and Shenzhen Stock Exchange (including enterprises and individuals) investing in the H shares of the Company listed on the Hong Kong Stock Exchange (the "Southbound Trading"), the Company has entered into the Agreement on Distribution of Cash Dividends of H shares for Southbound Trading (港股通H股股票現金紅利派發協議) with the Shanghai Branch and Shenzhen Branch of China Securities Depository and Clearing Corporation Limited ("China Securities"), pursuant to which, China Securities, as the nominee of the holders of H shares for Southbound Trading, will receive all cash dividends distributed by the Company and distribute the cash dividends to the relevant investors of H shares of Southbound Trading through its depositary and clearing system. The cash dividends for the investors of H shares of Southbound Trading will be paid in RMB. Pursuant to the relevant requirements under the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知) (Caishui [2014] No. 81) and the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (關於深港股票市場交易互聯互通機制試點有關稅收政策的通知) (Caishui [2016] No. 127), for dividends received by domestic investors from investing in H shares listed on the Hong Kong Stock Exchange through the Southbound Trading, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in H shares listed on the Hong Kong Stock Exchange through the Southbound Trading, the tax payable shall be the same as that for individual investors. The company of such H shares will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

All investors are requested to read this part carefully. Shareholders are recommended to consult their taxation advisors regarding their holding and disposing of H shares of the Company for the PRC, Hong Kong and other tax effects involved.

The Company has appointed Bank of China (Hong Kong) Trustee Limited as the receiving agent in Hong Kong and will pay to the receiving agent the Interim Dividend for payment to holders of H shares on 13 October 2017. Cheques will be dispatched to holders of H shares by ordinary post at their own risk.

ACKNOWLEDGEMENTS

Which each stride the Group takes to advance its objectives, the importance of support from investors and all stakeholders is most appreciated. I would like to take this opportunity to thank the Company's shareholders, investors, business associates and customers for their confidence in management's execution of the Group's strategies as well as my fellow directors and all the Group's staff for their many contributions to our success.

By Order of the Board
Guangzhou R&F Properties Co., Ltd.
Li Sze Lim
Chairman

Hong Kong, 22 August 2017

As at the date of this announcement, the executive directors of the Company are Mr. Li Sze Lim, Mr. Zhang Li, Mr. Zhou Yaonan and Mr. Lu Jing; the non-executive directors are Ms. Zhang Lin and Ms. Li Helen; and the independent non-executive directors are Mr. Zheng Ercheng, Mr. Ng Yau Wah, Daniel and Mr. Wong Chun Bong.

* *For identification purpose only*

(All amounts in RMB Yuan thousands unless otherwise stated)

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

	Note	**Unaudited 30 June 2017**	Audited 31 December 2016
ASSETS			
Non-current assets			
Land use rights		**2,164,766**	1,933,706
Property, plant and equipment		**11,458,691**	10,928,178
Investment properties		**22,995,277**	22,068,681
Intangible assets		**1,037,045**	1,079,572
Interests in joint ventures		**6,962,734**	6,795,392
Interests in associates		**181,990**	166,908
Deferred income tax assets		**5,107,848**	4,253,861
Available-for-sale financial assets		**532,500**	710,130
Trade and other receivables and prepayments	5	**297,820**	97,420
		50,738,671	48,033,848
Current assets			
Properties under development		**102,988,154**	81,134,542
Completed properties held for sale		**27,138,655**	26,783,018
Inventories		**267,022**	325,932
Trade and other receivables and prepayments	5	**26,750,862**	21,582,812
Tax prepayments		**3,387,622**	2,582,245
Restricted cash		**16,737,481**	20,663,067
Cash and cash equivalents		**15,683,689**	25,306,015
		192,953,485	178,377,631
Total assets		**243,692,156**	226,411,479
EQUITY			
Equity attributable to owners of the Company			
Share capital		**805,592**	805,592
Other reserves		**4,525,596**	4,679,469
Retained earnings		**38,440,072**	38,293,091
		43,771,260	43,778,152
Perpetual capital instruments		**2,403,933**	2,404,327
Non-controlling interests		**850,640**	653,718
Total equity		**47,025,833**	46,836,197

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	**Unaudited 30 June 2017**	Audited 31 December 2016
LIABILITIES			
Non-current liabilities			
Long-term borrowings		**97,803,332**	87,170,166
Deferred income tax liabilities		**5,360,676**	4,930,892
		103,164,008	92,101,058
Current liabilities			
Accruals and other payables	*6*	**25,199,175**	21,951,465
Deposits received on sale of properties		**30,535,114**	19,546,810
Current income tax liabilities		**12,429,166**	12,294,031
Short-term borrowings		**9,448,199**	10,631,230
Current portion of long-term borrowings		**15,890,661**	23,050,688
		93,502,315	87,474,224
Total liabilities		**196,666,323**	179,575,282
Total equity and liabilities		**243,692,156**	226,411,479

(All amounts in RMB Yuan thousands unless otherwise stated)

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

	Note	Unaudited Six months ended 30 June **2017**	 2016
Revenue	*4*	**20,413,922**	22,389,435
Cost of sales		**(13,021,536)**	(16,706,704)
Gross profit		**7,392,386**	5,682,731
Other income	*7*	**199,002**	127,550
Other gains – net	*8*	**532,687**	851,391
Selling and marketing costs		**(723,874)**	(521,826)
Administrative expenses		**(1,514,901)**	(1,270,808)
Operating profit		**5,885,300**	4,869,038
Finance costs	*9*	**(968,381)**	(1,000,874)
Share of results of associates		**24,921**	(14,854)
Share of results of joint ventures		**(70,874)**	178,463
Profit before income tax		**4,870,966**	4,031,773
Income tax expenses	*10*	**(2,390,213)**	(1,607,614)
Profit for the period		**2,480,753**	2,424,159
Profit/(loss) attributable to:			
– Owners of the Company		**2,402,638**	2,225,015
– Holders of perpetual capital instruments		**71,193**	199,917
– Non-controlling interests		**6,922**	(773)
		2,480,753	2,424,159
Basic and diluted earnings per share for profit attributable to owners of the Company (expressed in RMB Yuan per share)		**0.7456**	0.6925

(All amounts in RMB Yuan thousands unless otherwise stated)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months ended 30 June	
	2017	2016
Profit for the period	**2,480,753**	2,424,159
Other comprehensive loss		
Items that may be reclassified to profit or loss		
– Fair value losses on available-for-sale financial assets, net of tax	**(133,223)**	(115,763)
– Currency translation differences	**(22,528)**	(65,111)
Other comprehensive loss for the period, net of tax	**(155,751)**	(180,874)
Total comprehensive income for the period	**2,325,002**	2,243,285
Total comprehensive income/(loss) for the period attributable to:		
– Owners of the Company	**2,246,887**	2,044,141
– Holders of perpetual capital instruments	**71,193**	199,917
– Non-controlling interests	**6,922**	(773)
	2,325,002	2,243,285

(All amounts in RMB Yuan thousands unless otherwise stated)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Unaudited							
	Attributable to owners of the Company							
	Share capital	Shares held for Share Award Scheme	Other reserves	Retained earnings	Total	Perpetual capital instruments	Non-controlling interests	Total equity
Balance at 1 January 2017	**805,592**	**–**	**4,679,469**	**38,293,091**	**43,778,152**	**2,404,327**	**653,718**	**46,836,197**
Total comprehensive income for the period ended 30 June 2017	**–**	**–**	**(155,751)**	**2,402,638**	**2,246,887**	**71,193**	**6,922**	**2,325,002**
Transactions with owners								
Changes in ownership interests in subsidiaries without change of control	**–**	**–**	**1,878**	**–**	**1,878**	**–**	**(15,973)**	**(14,095)**
Acquisition of subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**174,573**	**174,573**
Capital contributions from non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**31,400**	**31,400**
Dividends for the year	**–**	**–**	**–**	**(2,255,657)**	**(2,255,657)**	**–**	**–**	**(2,255,657)**
Distributions to holders of perpetual capital instruments	**–**	**–**	**–**	**–**	**–**	**(71,587)**	**–**	**(71,587)**
Total transactions with owners	**–**	**–**	**1,878**	**(2,255,657)**	**(2,253,779)**	**(71,587)**	**190,000**	**(2,135,366)**
Balance at 30 June 2017	**805,592**	**–**	**4,525,596**	**38,440,072**	**43,771,260**	**2,403,933**	**850,640**	**47,025,833**
Balance at 1 January 2016	805,592	(88,947)	4,590,948	35,404,023	40,711,616	7,977,869	527,895	49,217,380
Total comprehensive income for the period ended 30 June 2016	–	–	(180,874)	2,225,015	2,044,141	199,917	(773)	2,243,285
Transactions with owners								
Acquisition of subsidiaries	–	–	–	–	–	–	(218,755)	(218,755)
Capital contributions from non-controlling interests	–	–	–	–	–	–	10,000	10,000
Disposals of shares held for Share Award Scheme	–	88,947	44,570	–	133,517	–	–	133,517
Additions of perpetual capital instruments	–	–	–	–	–	2,400,000	–	2,400,000
Redemptions of perpetual capital instruments	–	–	–	–	–	(7,900,000)	–	(7,900,000)
Distributions to holders of perpetual capital instruments	–	–	–	–	–	(273,719)	–	(273,719)
Total transactions with owners	–	88,947	44,570	–	133,517	(5,773,719)	(208,755)	(5,848,957)
Balance at 30 June 2016	805,592	–	4,454,644	37,629,038	42,889,274	2,404,067	318,367	45,611,708

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

Guangzhou R&F Properties Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") are mainly engaged in the development and sale of properties, property investment, hotel operations and other property development related services in the People's Republic of China (the "PRC").

The Company is a limited liability company incorporated in the PRC. The address of its registered office is 45-54/F, R&F Center, No. 10 Hua Xia Road, Guangzhou 510623, the PRC.

The shares of the Company have been listed on The Main Board of Stock Exchange of Hong Kong Limited since 14 July 2005.

This condensed consolidated interim financial information is presented in RMB Yuan thousands (RMB'000), unless otherwise stated. This condensed consolidated interim financial information was approved for issue on 22 August 2017.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2017 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim financial reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

3. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2016, as described in those annual financial statements.

The following amended standards are mandatory for the first time for the financial year beginning on 1 January 2017.

Standards	**Subject of amendment**
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses
Amendments to HKAS 7	Disclosure initiative
Amendments to HKFRS 12	Disclosure of interest in other entities

The adoption of the above amended standards did not have a material impact on the Group.

(All amounts in RMB Yuan thousands unless otherwise stated)

4. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Executive Directors. The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

As almost the entire Group's consolidated revenue and results are attributable to the market in the PRC and almost all of the Group's consolidated assets are located in the PRC, the Executive Directors consider the business mainly from product perspective. The Group is principally engaged in the property development, property investment and hotel operations. Other services provided by the Group mainly represent property management and property agency. The results of these operations are included in the "all other segments" column.

The Executive Directors assess the performance of the operating segments based on a measure of profit for the period. The information provided to the Executive Directors is measured in a manner consistent with that in the financial statements.

The segment information provided to the Executive Directors for the reportable segments for the six months ended 30 June 2017 and 2016 are as follows:

	Property development	**Property investment**	**Hotel operations**	**All other segments**	**Group**
Six months ended 30 June 2017					
Segment revenue	**18,234,991**	**496,472**	**751,220**	**1,073,393**	**20,556,076**
Inter-segment revenue	**–**	**(48,685)**	**(27,438)**	**(66,031)**	**(142,154)**
Revenue from external customers	**18,234,991**	**447,787**	**723,782**	**1,007,362**	**20,413,922**
Profit/(loss) for the period	**2,272,740**	**595,269**	**(89,027)**	**(298,229)**	**2,480,753**
Finance costs	**(760,865)**	**(70,486)**	**(120,857)**	**(16,173)**	**(968,381)**
Share of results of joint ventures	**(70,874)**	**–**	**–**	**–**	**(70,874)**
Share of results of associates	**25,485**	**–**	**–**	**(564)**	**24,921**
Income tax (expenses)/credits	**(2,309,411)**	**(197,960)**	**29,676**	**87,482**	**(2,390,213)**
Depreciation and amortisation	**(123,608)**	**–**	**(163,719)**	**(35,586)**	**(322,913)**
Allowance for impairment losses of receivables	**(9,425)**	**–**	**(1,090)**	**(772)**	**(11,287)**
Fair value gains on investment properties – net of tax	**–**	**359,792**	**–**	**–**	**359,792**

(All amounts in RMB Yuan thousands unless otherwise stated)

	Property development	Property investment	Hotel operations	All other segments	Group
Six months ended 30 June 2016					
Segment revenue	20,495,398	433,745	664,262	931,532	22,524,937
Inter-segment revenue	–	(33,616)	(28,563)	(73,323)	(135,502)
Revenue from external customers	20,495,398	400,129	635,699	858,209	22,389,435
Profit/(loss) for the period	2,070,208	693,768	(113,501)	(226,316)	2,424,159
Finance costs	(772,994)	(58,165)	(94,013)	(75,702)	(1,000,874)
Share of results of joint ventures	178,463	–	–	–	178,463
Share of results of associates	(14,501)	–	–	(353)	(14,854)
Income tax (expenses)/credits	(1,485,810)	(229,782)	37,834	70,144	(1,607,614)
Depreciation and amortisation	(108,290)	–	(156,128)	(35,997)	(300,415)
Allowance for impairment losses of receivables	(14,235)	–	(235)	(21)	(14,491)
Fair value gains on investment properties – net of tax	–	538,360	–	–	538,360

Sales between segments are carried out at arm's length. The revenue from external parties reported to the Executive Directors is measured in a manner consistent with that in the condensed consolidated interim income statement.

	Property development	**Property investment**	**Hotel operations**	**All other segments**	**Group**
As at 30 June 2017					
Segment assets	**203,140,793**	**22,995,277**	**10,715,653**	**1,200,085**	**238,051,808**
Segment assets include:					
Interests in joint ventures	**6,962,734**	**–**	**–**	**–**	**6,962,734**
Interests in associates	**101,274**	**–**	**–**	**80,716**	**181,990**
Additions to non-current assets (other than financial instruments and deferred tax assets)	**797,634**	**447,336**	**186,147**	**30,671**	**1,461,788**
Segment liabilities	**54,208,071**	**–**	**315,432**	**1,210,786**	**55,734,289**
As at 31 December 2016					
Segment assets	187,983,198	22,068,681	10,270,067	1,125,542	221,447,488
Segment assets include:					
Interests in joint ventures	6,795,392	–	–	–	6,795,392
Interests in associates	85,628	–	–	81,280	166,908
Additions to non-current assets (other than financial instruments and deferred tax assets)	1,380,249	1,075,918	381,496	177,918	3,015,581
Segment liabilities	40,272,496	–	347,936	877,843	41,498,275

(All amounts in RMB Yuan thousands unless otherwise stated)

5. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at **30 June 2017**	31 December 2016
Trade receivables – net	**6,701,928**	7,175,084
Other receivables – net	**16,821,280**	11,747,174
Prepayments	**2,317,569**	1,662,690
Due from joint ventures	**1,107,705**	1,053,003
Due from associates	**100,200**	42,281
Total	**27,048,682**	21,680,232
Less: non-current portion	**(297,820)**	(97,420)
Current portion	**26,750,862**	21,582,812

As at 30 June 2017, trade receivables were mainly derived from sales of properties. Trade receivables in respect of sale of properties are settled in accordance with the terms stipulated in the sale and purchase agreements.

	As at **30 June 2017**	31 December 2016
Trade receivables – current portion	**6,737,991**	7,209,024
Less: allowance for impairment	**(36,063)**	(33,940)
	6,701,928	7,175,084

At 30 June 2017 and 31 December 2016, the ageing analysis of trade receivables is as follows:

	As at **30 June 2017**	31 December 2016
Up to 1 year	**5,547,253**	6,180,202
1 year to 2 years	**412,914**	391,554
2 years to 3 years	**247,619**	511,180
Over 3 years	**530,205**	126,088
	6,737,991	7,209,024

(All amounts in RMB Yuan thousands unless otherwise stated)

6. ACCRUALS AND OTHER PAYABLES

	As at 30 June 2017	31 December 2016
Amounts due to joint ventures *(Note (a))*	**3,810,766**	2,347,150
Amounts due to an associate *(Note (a))*	**133,301**	414,142
Construction payables *(Note (b))*	**9,625,836**	10,294,391
Other payables and accrued charges *(Note (c))*	**11,629,272**	8,895,782
	25,199,175	21,951,465

(a) The amounts are unsecured, interest free and repayable on demand.

(b) Construction payables comprise construction costs and other project-related expenses payable which are based on project progress measured by project management team of the Group. Therefore, no ageing analysis for trade payables is presented.

(c) The balance mainly represents interest payables, temporary receipts, accruals and other taxes payable excluding income tax.

(d) The carrying amounts of accruals and other payables approximate their fair values.

7. OTHER INCOME

	Six months ended 30 June 2017	2016
Interest income	**116,364**	78,965
Other operating income	**72,405**	35,381
Dividends received on available-for-sale financial assets	**10,233**	13,204
	199,002	127,550

8. OTHER GAINS – NET

	Six months ended 30 June 2017	2016
Fair value gains on investment properties – net	**479,260**	717,114
Gains on disposals of intangible assets	**51,783**	93,699
Gains on disposals of property, plant and equipment	**322**	24,163
Losses on disposal of an associate	**(13,459)**	–
Others	**14,781**	16,415
	532,687	851,391

(All amounts in RMB Yuan thousands unless otherwise stated)

9. FINANCE COSTS

	Six months ended 30 June	
	2017	2016
Interest expenses:		
– bank borrowings	**1,251,002**	1,163,429
– domestic bonds	**1,220,190**	453,622
– medium-term notes	**9,438**	–
– senior notes	**197,473**	574,435
– other borrowings	**479,130**	1,045,370
– finance lease liabilities	**7,002**	1,522
	3,164,235	3,238,378
Net foreign exchange gains	**(440,915)**	(120,284)
Less: finance costs capitalised	**(1,754,939)**	(2,117,220)
	968,381	1,000,874

10. INCOME TAX EXPENSES

	Six months ended 30 June	
	2017	2016
Current income tax		
– PRC enterprise income tax *(Note (b))*	**1,483,624**	732,635
Deferred income tax	**(398,815)**	169,707
	1,084,809	902,342
Current PRC land appreciation tax *(Note (c))*	**1,305,404**	705,272
Total income tax expenses	**2,390,213**	1,607,614

(a) Hong Kong profits tax

No Hong Kong profits tax has been provided as the Group did not have estimated assessable profit for the period (six months ended 30 June 2016: Nil).

(b) PRC enterprise income tax

The PRC enterprise income tax is computed according to the relevant laws and regulations in the PRC.

In respect of the applicable income tax rates for the six months ended 30 June 2017, all of the companies in the Group were primarily taxed at 25% (six months ended 30 June 2016: 25%) on their profits.

(All amounts in RMB Yuan thousands unless otherwise stated)

(c) PRC land appreciation tax

Certain PRC subsidiaries are also subject to the PRC land appreciation tax which is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditure including costs of land use rights and development and construction expenditure.

11. DIVIDENDS

	Six months ended 30 June	
	2017	2016
Interim dividend of RMB0.33 (2016: RMB0.30) per ordinary share	**1,063,381**	966,710

An interim dividend in respect of the six months ended 30 June 2017 of RMB0.33 per ordinary share, totalling RMB1,063,381,000 was proposed by the board of directors (six months ended 30 June 2016: RMB966,710,000). This interim dividend has not been recognised as a liability in this interim financial information. It will be recognised in shareholders' equity in the year ending 31 December 2017.