新城发展
FUTURE HOLDINGS

Future Land Development Holdings Limited
新城發展控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1030)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

ANNUAL RESULTS HIGHLIGHTS

– Achieved contracted sales* of RMB126,471.6 million with corresponding contracted sales area of approximately 9,283,000 sq.m., representing an increase of 94.4% and 61.4%, respectively;

– Total recognised revenue increased by 44.6% to RMB40,820.3 million;

– Gross profit increased by 105.6% to RMB13,581.1 million;

– Gross profit margin increased from 23.4% to 33.3%;

– Net profit for the year increased by 143.7% to RMB6,013.6 million, of which RMB3,794.0 million was attributable to equity holders of the Company, representing a year-on-year increase of 174.1%;

– Core earnings** increased by 131.4% to RMB4,984.7 million, of which RMB3,087.6 million was attributable to equity holders of the Company, representing a year-on-year increase of 167.1%;

– Total cash in bank and at hand*** amounted to RMB24,647.8 million;

– Weighted average interest rate as at year end decreased from 5.7% as at last year end to 5.3%; and

– The Board recommended a payment of final dividend of RMB0.162 per share.

* *Contracted sales include contracted sales of RMB31,931 million and contracted sales area of 1,735,800 square metres ("**sq.m.**") of the Group's joint ventures and associates' projects on a 100% basis.*

** *Core earnings equal to net profit less after-tax fair value gains or losses and disposal (including direct sale and transfer of assets and equity interest) gains or losses (whether directly or through equity transfer) on investment properties including those recorded in other gains, and exclude unrealized foreign exchange gains or losses relating to borrowings, loss from early redemption of senior notes, and after-tax gain on disposal of certain subsidiaries engaging in residential property management business.*

*** *Including restricted cash.*

The board (the "**Board**") of directors (the "**Directors**") of Future Land Development Holdings Limited (the "**Company**") is pleased to announce the consolidated financial results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2017 together with the comparative figures for the year 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2017

		Year ended 31 December	
		2017	2016
	Note	***RMB'000***	*RMB'000*
Revenue	*8*	**40,820,316**	28,232,094
Cost of sales	*9*	**(27,239,193)**	(21,625,122)
Gross profit		**13,581,123**	6,606,972
Fair value gains on investment properties		**1,331,853**	582,150
Selling and marketing expenses	*9*	**(1,831,870)**	(1,097,915)
Administrative expenses	*9*	**(2,266,887)**	(1,607,694)
Other income		**41,792**	26,307
Other expenses		**(2,486)**	(26,249)
Other gains – net		**301,048**	254,139
Operating profit		**11,154,573**	4,737,710
Finance income	*10*	**176,332**	161,227
Finance costs	*10*	**(844,529)**	(941,630)
Finance costs – net	*10*	**(668,197)**	(780,403)
Share of results of associates		**266,631**	1,496
Share of results of joint ventures		**(10,597)**	176,565
Profit before income tax		**10,742,410**	4,135,368
Income tax expense	*11*	**(4,728,785)**	(1,668,208)
Profit for the year		**6,013,625**	2,467,160
Profit is attributable to:			
Equity holders of the Company		**3,793,998**	1,383,953
Non-controlling interests		**2,219,627**	1,083,207
		6,013,625	2,467,160
Earnings per share for profit attributable to equity holders of the Company			
– Basic and diluted	*12*	**RMB0.67**	RMB0.24

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2017

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Profit for the year	**6,013,625**	2,467,160
Other comprehensive loss, which may be reclassified subsequently to profit or loss		
Currency translation differences	**(3,065)**	–
Change in fair value of available-for-sale financial assets		
– gross amount	**26,770**	–
– deferred tax	**(6,693)**	–
	17,012	–
Total comprehensive income for the year	**6,030,637**	2,467,160
Total comprehensive income for the year is attributable to:		
Equity holders of the Company	**3,804,087**	1,383,953
Non-controlling interests	**2,226,550**	1,083,207
	6,030,637	2,467,160

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Note	As at 31 December 2017 RMB'000	2016 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**2,919,703**	2,443,001
Investment properties		**23,496,000**	13,506,826
Intangible assets		**59,503**	37,224
Investments in associates		**1,953,166**	521,623
Investments in joint ventures		**11,966,336**	4,348,312
Deferred income tax assets		**1,658,730**	808,660
Available-for-sale financial assets		**1,099,526**	434,891
Derivative financial instruments		**162,539**	154,615
Goodwill		**777**	–
Land use rights		**429,592**	430,035
Other receivables and prepayments	4	**727,710**	1,347,031
		44,473,582	24,032,218
Current assets			
Prepayments for leasehold land		**9,808,432**	7,350,293
Properties held or under development for sale		**76,396,636**	39,505,462
Trade and other receivables and prepayments	4	**34,071,920**	20,235,059
Restricted cash		**4,105,100**	1,851,085
Cash and cash equivalents		**20,542,676**	11,905,339
		144,924,764	80,847,238
Total assets		**189,398,346**	104,879,456
OWNERS' EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital: nominal value	5	**4,609**	4,609
Reserves		**12,776,397**	9,230,441
		12,781,006	9,235,050
Non-controlling interests		**11,851,538**	5,940,355
Total equity		**24,632,544**	15,175,405

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)
As at 31 December 2017

		As at 31 December	
		2017	2016
	Note	***RMB'000***	*RMB'000*
LIABILITIES			
Non-current liabilities			
Borrowings	*6*	**34,108,070**	17,036,153
Long-term payables		**–**	36,670
Deferred income tax liabilities		**1,755,493**	1,115,016
		35,863,563	18,187,839
Current liabilities			
Trade and other payables	*7*	**56,558,252**	28,975,896
Advances from pre-sale of properties		**50,866,242**	29,846,151
Current income tax liabilities		**6,204,479**	2,518,327
Borrowings	*6*	**15,273,142**	10,175,714
Dividends payable		**124**	124
		128,902,239	71,516,212
Total liabilities		**164,765,802**	89,704,051
Total equity and liabilities		**189,398,346**	104,879,456

NOTES:

1. GENERAL INFORMATION

Future Land Development Holdings Limited (the "**Company**") was incorporated in the Cayman Islands on 23 April 2010 as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. The address of its registered office is Grand Pavilion, Hibiscus Way, 802 West Bay Road, P.O. Box 31119, Grand Cayman KY1-1205, Cayman Islands.

The principal activities of the Company and its subsidiaries (together, the "**Group**") are property development and property investment in the People's Republic of China (the "**PRC**"). The Company's parent company is Wealth Zone Hong Kong Investments Limited ("**Wealth Zone Hong Kong**") and the Company's ultimate holding company is First Priority Group Limited, both of which are incorporated in the British Virgin Islands. The ultimate controlling party of the Group is Mr. Wang Zhenhua ("**Mr. Wang**" or the "**Controlling Shareholder**").

The Company's shares began to list on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 29 November 2012 (the "**Listing**").

The consolidated financial statements are presented in thousands of Renminbi ("**RMB'000**"), unless otherwise stated.

The annual results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 31 December 2017 but are extracted from those financial statements.

2. BASIS OF PREPARATION

(i) Compliance with HKFRS and HKCO

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622 ("**HKCO**").

(ii) Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss and investment properties, which are carried at fair value.

(iii) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2017:

- Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to HKAS 12; and
- Disclosure initiative – amendments to HKAS 7.

The adoption of these amendments did not have any significant impact on the amounts recognized in prior periods. Most of the amendments will also not affect the current periods.

(iv) New standards and interpretations not yet adopted

The following new standards and interpretations have been published that are not mandatory for 31 December 2017 reporting periods and have not been early adopted by the Group:

Standards/Amendments		Effective for annual periods beginning on or after
HKAS 40 (Amendments)	Transfers of investment property	1 January 2018
HK(IFRIC) 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts	1 January 2018 or when the entity first applies HKFRS 9
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Annual Improvements	Annual Improvements to HKFRSs 2014-2016 Cycle	1 January 2018
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
HKFRS 16	Leases	1 January 2019
HK(IFRIC) 23	Uncertainty over Income Tax Treatments	1 January 2019
HKFRS 17	Insurance Contracts	1 January 2021

The Group's assessment of the impact of these new standards and interpretations is set out below.

(1) HKFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

While the Group has yet to undertake a detailed assessment, the majority of the Group's available-for-sale (AFS) financial assets would appear to satisfy the conditions for classification as at fair value through other comprehensive income (FVOCI) and hence there will be no change to the accounting for these assets. And the majority of the Group's financial assets currently measured at amortised cost would meet the conditions for classification at amortised cost under HKFRS 9.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 *Financial Instruments: Recognition and Measurement* and have not been changed.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under HKFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. While the Group has not yet completed the detailed assessment, the new model introduced by HKFRS 9 will generally result in earlier recognition of losses compared to the current incurred loss model of HKAS 39.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

(2) HKFRS 15 will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts and the related literature. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Management is currently assessing the effects of applying the new standard on the Group's financial statements and has identified the following areas that are likely to be affected:

- Presentation of contract assets and liabilities – Reclassifications shall be made as at 1 January 2018 to be consistent with the terminology used under HKFRS 15.

- Accounting for revenue from sales of properties – Currently, revenue from sales of properties is recognised when the risk and rewards of the properties are transferred to the purchasers, which is when the construction of relevant properties has been completed and the properties have been delivered to the purchasers pursuant to the sales agreement and collectability of related receivables is reasonably assured. Under HKFRS 15, for properties that have no alternative use to the Group due to contractual reasons and when the Group has an enforceable right to payment from the customers for performance completed to date, the Group would recognise revenue as the performance obligation is satisfied over time in accordance with the input method for measuring progress. In addition, the transaction price and the amount of revenue from sales of properties will be adjusted when significant financing component exists in that contract.

- Accounting for costs incurred to obtain a contract – Following the adoption of HKFRS 15, stamp duty, sales commissions and other costs directly attributable to obtaining a contract, if recoverable, will be capitalised as contract assets.

The Group is in the process of making an assessment on the impact of HKFRS 15. While the Group is not yet in a position to provide quantified information at this stage, based on the preliminary assessment, it may have some impact on the Group's financial position and result of operation upon adoption HKFRS 15 on 1 January 2018.

(3) HKFRS 16 addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from HKFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The accounting for lessors will not significantly change.

The Group is a lessee of various offices and buildings, which are currently accounted for as operating leases under HKAS 17. HKFRS 16 provides new provisions for the accounting treatment of leases and will in future no longer allow lessees to recognise certain leases outside the consolidated statement of financial position. Instead, all non-current leases must be recognised in the form of an asset (for the right of use) and a financial liability (for the payment obligation). Thus, each lease will be mapped in the Group's consolidated statement of financial position. Short-term leases of less than twelve months and leases of low-value assets are exempted from the reporting obligation. The new standard will therefore result in an increase in right of use assets and an increase in payment obligation liabilities in the consolidated statement of financial position. In the statement of income, as a result, the operating lease expense under otherwise identical circumstances will decrease, while depreciation and amortisation and the interest expense will increase.

The Group expects that certain right of use assets and payment obligation liabilities will be recognised in the Group's consolidated statement of financial position upon adoption HKFRS 16 on 1 January 2019. However, it is not expected to result in a significant impact on the Group's financial performance, as the impact of amortisation of right of use assets and unwinding of payment obligation liabilities will not be significantly different from the operating lease expense that would have been recognised under the current standard.

There are no other standards that are not yet effective and that would be expected to result in any significant impact on the Group's financial position and result of operation.

3. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker (the "**CODM**") that are used to make strategic decisions. The chairman, Mr. Wang has been identified as the CODM.

The Group manages its business by two operating segments, which is consistent with the way in which information is reported internally to the Group's CODM for the purpose of resources allocation and performance assessment. No operating segments have been aggregated to form the following reportable segments.

- Future Land Holdings Co., Ltd., a company listed on the Shanghai Stock Exchange (the "**A share company**" or "**Future Land Holdings**").

- Property management and other service companies not within the A share company (the "**Non-A share companies**").

The A share company is mainly engaged in development of residential properties and mixed-use complexes for sale and investment, while the Non-A share companies are mainly engaged in services including certain newly established businesses which are at state-up stage. Corporate expenses are also primarily included in the Non-A share companies segment. All the property development projects are in the PRC, and accordingly majority of the revenue of the Group are derived from the PRC and most of the assets are located in the PRC.

The CODM assesses the performance of the operating segments based on a measure of revenue and profit before income tax. The measurement basis excludes the effects of income tax expense.

	Year ended 31 December 2017				
	A share company *RMB'000*	**Non-A share companies** *RMB'000*	**Total segment** *RMB'000*	**Elimination** *RMB'000*	**Total Group** *RMB'000*
Segment revenue	**40,525,685**	**320,599**	**40,846,284**	**(25,968)**	**40,820,316**
Segment profit/(loss) before income tax expense	**11,268,492**	**(25,508)**	**11,242,984**	**(500,574)***	**10,742,410**
Fair value gains on investment properties	**1,331,853**	**–**	**1,331,853**	**–**	**1,331,853**
Finance income	**154,143**	**172,852**	**326,995**	**(150,663)**	**176,332**
Finance costs	**(533,194)**	**(461,998)**	**(995,192)**	**150,663**	**(844,529)**
Depreciation and amortisation	**(180,695)**	**(160,383)**	**(341,078)**	**–**	**(341,078)**
Share of results of associates	**244,896**	**21,735**	**266,631**	**–**	**266,631**
Share of results of joint ventures	**(20,508)**	**9,911**	**(10,597)**	**–**	**(10,597)**

* The elimination represses mainly the dividend declared by the A share company.

A reconciliation to profit for the year is as follows:	
Total segment profits before income tax expense after elimination	**10,742,410**
Income tax expense	**(4,728,785)**
Profit for the year	**6,013,625**

	As at 31 December 2017				
Segment assets	**183,526,661**	**10,705,682**	**194,232,343**	**(4,833,997)**	**189,398,346**
Segment assets include:					
Investments in associates	**1,522,878**	**430,288**	**1,953,166**	**–**	**1,953,166**
Investments in joint ventures	**11,864,142**	**102,194**	**11,966,336**	**–**	**11,966,336**
Additions to non-current assets (other than financial instruments and deferred tax assets)	**10,603,401**	**388,891**	**10,992,292**	**–**	**10,992,292**
Segment liabilities	**157,544,887**	**10,575,608**	**168,120,495**	**(3,354,693)**	**164,765,802**

	Year ended 31 December 2016				
	A share company	Non-A share companies	Total segment	Elimination	Total Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue	27,969,282	298,654	28,267,936	(35,842)	28,232,094
Segment profit/(loss) before income tax expense	4,697,605	(436,310)	4,261,295	(125,927)	4,135,368
Fair value gains on investment properties	582,150	–	582,150	–	582,150
Finance income	144,769	222,841	367,610	(206,383)	161,227
Finance costs	(379,484)	(768,529)	(1,148,013)	206,383	(941,630)
Depreciation and amortisation	(160,392)	(65,198)	(225,590)	–	(225,590)
Share of results of associates	11,983	(10,487)	1,496	–	1,496
Share of results of joint ventures	176,565	–	176,565	–	176,565

A reconciliation to profit for the year is as follows:

Total segment profits before income tax expense after elimination	4,135,368
Income tax expense	(1,668,208)
Profit for the year	2,467,160

	As at 31 December 2016				
Segment assets	103,170,607	4,722,231	107,892,838	(3,013,382)	104,879,456
Segment assets include:					
Investments in associates	201,568	320,055	521,623	–	521,623
Investments in joint ventures	4,348,312	–	4,348,312	–	4,348,312
Additions to non-current assets (other than financial instruments and deferred tax assets)	3,366,769	332,397	3,699,166	–	3,699,166
Segment liabilities	86,802,653	4,555,602	91,358,255	(1,654,204)	89,704,051

4. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2017	2016
	RMB'000	*RMB'000*
Trade receivables	**116,677**	36,665
Notes receivable	**4,000**	5,000
Total trade receivables	**120,677**	41,665
Less: Provision for impairment of receivables	**–**	–
Trade receivables – net	**120,677**	41,665
Receivables from related parties	**16,019,760**	11,012,401
Receivable from non-controlling shareholders of subsidiaries	**2,737,549**	63,388
Receivables from other investors of joint ventures (a)	**2,652,146**	1,184,156
Prepaid income tax and land appreciation tax (b)	**2,219,597**	1,377,042
Prepaid value-added tax and input VAT to be deducted (c)	**2,160,103**	741,124
Earnest money for reconstructing villages in cities (d)	**2,000,000**	–
Bank loan receivable rights (e)	**1,355,781**	–
Prepayments for investments in joint ventures (f)	**1,136,512**	1,010,235
Deposits for acquisition of subsidiaries (g)	**1,055,097**	2,999,027
Prepayments for construction costs	**497,393**	192,428
Other deposits	**569,285**	335,197
Lending to an investee company (h)	**339,081**	–
Prepaid business tax and surcharges (i)	**186,055**	539,534
Deposits for property maintenance (j)	**171,607**	163,696
Amounts paid on behalf of third parties	**169,302**	149,119
Deposits with public housing fund centres	**136,940**	228,546
Tender deposits	**–**	1,147,138
Others	**1,289,365**	345,486
	34,816,250	21,582,090
Less: Provision for impairment	**(16,620)**	–
Other receivables and prepayments, net	**34,799,630**	21,582,090
Less: Non-current portion of other receivables and prepayments	**(727,710)**	(1,347,031)
Current portion	**34,071,920**	20,235,059

Trade receivables are mainly arisen from sales of properties, leases of investment properties and certain newly established businesses which are at start-up stage. Proceeds in respect of properties sold are normally received within three months after signing of related sales and purchase agreements, and rentals in respect of leased properties are generally received in advance. Customers of newly established businesses are generally granted a credit term of 30 days to 90 days.

(a) The receivables from other investors of joint ventures are unsecured, non-interest bearing and have no fixed repayment terms.

(b) Land appreciation tax is provisionally levied based on rates required by the local tax bureaus when the Group receives advances from customers, which are recorded as prepayments before the relevant revenue is recognised. In addition, a deemed profit of 5% to 15% of advances received from the customers is added to the accounting income when calculating taxable income and the prepaid income tax is similarly recorded as prepayments.

(c) Effective from 1 May 2016, the Group's sale of properties are subject to value-added tax ("VAT"). Under general VAT method, the Group is subject to 11% VAT on value added amount. Qualified old construction projects, which are those with construction commenced on or before 30 April 2016, however, has an alternative to elect a simplified VAT method, which is 5% on sales with no deduction of input VAT. The Group prepays VAT at 3% or 5% when receiving advances from customers and such payment is recorded as prepaid VAT before the relevant revenue is recognised. Input VAT arises mainly from development costs and can be offset against the output VAT under general VAT method.

(d) The balance represents earnest money paid to the Taiyuan Wanbolin Government for urban village reconstruction project. The full amount and interest calculated based on bank deposit rate will be recovered if the Government and the Group can not reach to an agreement in the end.

(e) The balance represents the creditor's right over Shenzhen Manfu Industrial Co., Ltd. The right is derived from the transaction with Bank of Beijing based on a formal contract signed with Tianjin Binghai Zhengxin Assets Management Company. As the collateral of the bank loans is sufficient, the Group is confident about the recoverability of the receivables and hence no provision was made.

(f) The balance represents amounts, mainly for acquisition of land use rights, paid on behalf of the joint ventures to be established.

(g) The balance represents deposits paid for acquisition of subsidiaries which are engaged in property development.

(h) The balance represents interest-bearing shareholder's loans to an investee company, which is an available-for-sale investment of the Group.

(i) Prior to 1 May 2016, the Group's sale of properties are subject to business tax, which is levied at 5% when the Group receives advances from customers. Such payment of taxes, together with the relevant surcharges are recorded as prepaid business tax and surcharges before the relevant revenue is recognised.

(j) The balance represents the deposits paid for property maintenance after first delivery of the relevant properties, which will be subsequently recovered in ten years thereafter and is recorded as non-current assets.

The aging of trade receivables and notes receivable as at 31 December 2017 and 2016 are as follows:

	As at 31 December	
	2017	2016
	RMB'000	*RMB'000*
Less than 1 year	**120,677**	39,349
Between 1 and 2 years	**–**	–
Between 2 and 3 years	**–**	2,316
	120,677	41,665

The maximum exposure to credit risk at 31 December 2017 and 2016 is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral security.

As at 31 December 2017 and 2016, the fair value of trade and other receivables approximate their carrying amounts.

As at 31 December 2017 and 2016, the carrying amounts of trade and other receivables and prepayments are primarily denominated in RMB.

5. SHARE CAPITAL

(a) Authorised shares

	Number of authorised shares
	HKD share
As at 1 January 2016, 31 December 2016 and 31 December 2017	10,000,000,000

(b) Issued shares

	Number of issued shares	**Ordinary shares**
	HKD0.001 each	*RMB*
As at 1 January 2016, 31 December 2016 and 31 December 2017	5,658,000,000	4,608,923

On 18 January 2018, the Company entered into a placing agreement with the vendor and the placing agents in relation to the placing of 267,168,000 shares at a placing price of HK$5.86 per share. On 26 January 2018, the Company announced that all conditions precedent to the share placing were satisfied, and completion of the share placing took place on 26 January 2018.

6. BORROWINGS

	As at 31 December	
	2017	2016
	RMB'000	*RMB'000*
Non-current, secured:		
– Bank loans (a)	**14,407,957**	7,402,275
– Trust financing arrangements (h (i))	**3,116,452**	–
– Loans from non-bank financial institutions (i)	**5,293,405**	–
– Senior notes due July 2019 ("**2019 Notes**") (b (i))	**–**	2,393,051
– Senior notes due November 2017 ("**2017 Notes**") (b (ii))	**–**	1,716,560
– Senior notes due February 2020 ("**2020 Notes**") (b (iii))	**2,261,099**	–
– Asset Backed Notes due October 2035 ("**2035 Asset Backed Notes**") (e (i))	**2,100,000**	–
– Guaranteed Senior Notes due August 2022 ("**2022 Guaranteed Senior Notes**") (f (i))	**1,281,435**	–
Non-current, unsecured:		
– Medium-term notes due March 2022 ("**2022 Medium-term Notes**") (c(i))	**1,500,000**	–
– Medium-term notes due April 2022 ("**2022 Medium-term Notes I**") (c(ii))	**1,500,000**	–
– Medium-term notes due July 2022 ("**2022 Medium-term Notes II**") (c(iii))	**1,500,000**	–
– Private placement notes due May 2022 ("**2022 PPN**") (d (i))	**2,000,000**	–
– Corporate bonds due July 2019 ("**2019 Bonds**") (g (i))	**–**	1,995,873
– Corporate bonds due November 2020 ("**2020 Bonds**") (g (ii))	**2,993,389**	2,985,827
– Corporate bonds due November 2018 ("**2018 Bonds**") (g (iii))	**1,727,000**	1,991,704
– Corporate bonds due March 2019 ("**2019 Bonds I**") (g (iv))	**1,847,535**	1,837,435
– Corporate bonds due August 2021 ("**2021 Bonds**") (g (v))	**1,985,511**	1,977,117
– Corporate bonds due September 2023 ("**2023 Bonds**") (g (vi))	**498,634**	498,449
– Corporate bonds due October 2021 ("**2021 Bonds I**") (g (vii))	**2,491,858**	2,487,571
	46,504,275	25,285,862
Less: Current portion of long-term borrowings	**(12,396,205)**	(8,249,709)
	34,108,070	17,036,153
Current, secured:		
– Bank loans (a)	**1,041,937**	778,615
Current,unsecured and borrowed from:		
– Trust financing arrangements (h (ii))	**750,000**	–
– Corporate bonds due March 2019 ("**2019 Bonds II**") (g (viii))	**1,085,000**	1,147,390
Current portion of long-term borrowings	**12,396,205**	8,249,709
	15,273,142	10,175,714

(a) These bank loans of the Group are secured by properties under development, investment properties, land use rights, property, plant and equipment, shares of subsidiaries and bank deposits of the Group and/or guaranteed by subsidiaries of the Company for each other.

(b) Senior notes

(i) 2019 Notes

In July 2014, the Company issued five-year senior notes with principal amount of USD350,000,000 ("**2019 Notes**"), which were listed on the Singapore Exchange Securities Trading Limited. The 2019 Notes are denominated in USD, and bear interest rate at 10.25% per annum, payable semiannually in arrears on or on the business day nearest to 21 January and 21 July of each year, beginning 21 January 2015.

According to the terms of 2019 Notes, the Notes may be redeemed in the following circumstances:

- At any time and from time to time on or after 21 July 2017, the Company may redeem the 2019 Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below, plus accrued and unpaid interest, if any, to (but excluding) the redemption date, if redeemed during the 12-month period commencing on 21 July of any year set forth below:

Year	**Redemption Price**
21 July 2017 to 20 July 2018	105.1250%
21 July 2018 and thereafter	102.5625%

- At any time prior to 21 July 2017, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2019 Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

- At any time and from time to time prior to 21 July 2017, the Company may redeem up to 35% of the aggregate principal amount of the Notes with proceeds from sales of certain kinds of its capital stock, subject to certain conditions, at a redemption price of 110.25% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the Notes issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

On 20 March 2017, the Group redeemed the 2019 Notes at a redemption price of approximately USD378 million, incurring a loss of RMB191,810,000.

(ii) ***2017 Notes***

In November 2015, the Company issued two-year senior notes with principal amount of USD250,000,000 ("**2017 Notes**"), which were listed on the Singapore Exchange Securities Trading Limited. The 2017 Notes are denominated in USD, and bear interest rate at 6.25% per annum, payable semi-annually in arrears on or on the business day nearest to 12 May and 12 November of each year, beginning 12 November 2015.

According to the terms of 2017 Notes, the Company may at its option redeem the 2017 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

- At any time prior to 16 February 2020, the Company may at its option redeem the 2020 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2020 Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

- At any time and from time to time prior to 16 February 2020, the Company may redeem up to 35% of the aggregate principal amount of the 2020 Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 105.0% the principal amount of the 2020 Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the 2020 Notes originally issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

The Company redeemed the 2017 Notes in full on 12 November 2017.

(iii) ***2020 Notes***

In February 2017, the Company issued three year senior notes with principal amount of USD350,000,000 ("**2020 Notes**"),which were listed on the Singapore Exchange Securities Trading Limited. The 2020 Notes are denominated in USD, and bear interest rate at 5.00% per annum, payable semi-annually in arrears on or on the business day nearest to 16 February and 16 August of each year, beginning 16 February 2017.

According to the terms of 2020 Notes, the Notes may be redeemed in the following circumstances:

- At any time prior to 16 February 2020, the Company may at its option redeem the 2020 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2020 Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

- At any time and from time to time prior to 16 February 2020, the Company may redeem up to 35% of the aggregate principal amount of the 2020 Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 105.0% the principal amount of the 2020 Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the 2020 Notes originally issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

The early redemption options are regarded as embedded derivatives not closely related to the host contract. The board of directors is of the view that the Company has no plan of any early redemption and the fair values of the above early redemption options were insignificant on initial recognition and as at 31 December 2016 and 30 June 2017.

The above senior notes are general obligations guaranteed by certain subsidiaries other than those established under the law of the PRC ("**Subsidiary Guarantors**"), and secured by a pledge on the shares of certain initial Subsidiary Guarantors.

(c) Medium-term notes

(i) 2022 Medium-term Notes

In March 2017, the A share company issued five-year medium-term notes with principal amount of RMB1,500,000,000 ("**2022 Medium-term Notes**"), which were listed on the Shanghai Stock Exchange. The 2022 Medium-term Notes are denominated in RMB, and bear interest rate at 5.4% per annum for the first three years, payable annually in arrears on or on the business day nearest to 16 March of each year, beginning 16 March 2017.

According to the terms of 2022 Medium-term Notes, at the end of the third year A share company may at its option adjust the interest rate which will be fixed in the remaining period, and the noteholders may at their option sell the medium-term notes back to the A share company, in whole or in part, at a price equal to 100% of the principal amount of the 2022 Medium-term Notes plus accrued and unpaid interest to the sold-back date.

(ii) 2022 Middle Term Notes I

In April 2017, the A share company issued five-year medium-term notes with principal amount of RMB1,500,000,000 ("**2022 Medium-term Notes I**"), which were listed on the Shanghai Stock Exchange. The 2022 Medium-term notes I are denominated in RMB, and bear interest rate at 5.25% per annum for the first three years, payable annually in arrears on or on the business day nearest to 14 April of each year, beginning 14 April 2017.

According to the terms of 2022 Medium-term Notes I, at the end of the third year the A share company may at its option adjust the interest rate which will be fixed in the remaining period, and the noteholders may at their option sell the medium-term notes back to the A share company, in whole or in part, at a price equal to 100% of the principal amount of the 2022 Medium-term Notes I plus accrued and unpaid interest to the sold-back date.

(iii) 2022 Middle Term Notes II

In July 2017, the A share company issued five-year medium-term notes with principal amount of RMB1,500,000,000 ("**2022 Medium-term Notes II**"), which were listed on the Shanghai Stock Exchange. The 2022 Medium-term notes II are denominated in RMB, and bear interest rate at 6.00% per annum for the first three years, payable annually in arrears on or on the business day nearest to 13 July of each year, beginning 13 July 2017.

According to the terms of 2022 Medium-term Notes II, at the end of the third year the A share company may at its option adjust the interest rate which will be fixed in the remaining period, and the noteholders may at their option sell the medium-term notes back to the A share company, in whole or in part, at a price equal to 100% of the principal amount of the 2022 Medium-term Notes II plus accrued and unpaid interest to the sold-back date.

(d) Private Placement Notes

(i) 2022 PPN

In May 2017, the A share company issued five-year private placement notes with principal amount of RMB2,000,000,000 ("**2022 PPN**"). The 2022 PPN are denominated in RMB, and bear interest rate at 6.3% per annum for the first three years, payable annually in arrears on or on the business day nearest to 17 May of each year, beginning 17 May 2017.

According to the terms of 2022 PPN, at the end of the third year the A share company may at its option adjust the interest rate which will be fixed in the remaining period, and the noteholders may at their option sell the notes back to the A share company, in whole or in part, at a price equal to 100% of the principal amount of the 2022 PPN plus accrued and unpaid interest to the sold-back date.

(e) Asset Backed Notes

(i) 2035 Asset Backed Notes

In October 2017, the A share company issued eighteen-year asset backed notes with principal amount of RMB2,100,000,000 ("**2035 ABN**") including priority A tranch of RMB1,500,000 with interest rate at 5.38%, priority B tranch of RMB 599,000,000 with interest rate at 6.2%, and subordinated notes RMB1,000,000. The 2035 ABN are denominated in RMB, and bear the above interest rate per annum for the first three years, payable annually in arrears on or on the business day nearest to 23 October of each year, beginning 23 October 2017.

According to the terms of 2035 ABN, at the end of each three years the A share company may at its option adjust the interest rate which will be fixed in the remaining each three-year period, and the noteholders and setter may at their options sell or redeem the notes back to the A share company, in whole or in part, at a price equal to 100% of the principal amount of the 2035 ABN plus accrued and unpaid interest to the sold-back date.

(f) Guaranteed Senior Notes

(i) 2022 Guaranteed Senior Notes

In August 2017, the A share company's subsidiary corporation, New Metro Global Limited issued five-year guaranteed senior notes with principal amount of USD200,000,000. The 2022 guaranteed senior notes are denominated in USD, and bear interest rate at 5% per annum for the first three years, payable semiannually in arrears on or on the business day nearest to 8 August of each year, beginning 8 August 2017.

According to the terms of 2022 guaranteed senior notes, the Notes may be redeemed in the following circumstances:

- At any time and from time to time on or after 8 August 2020, the Issuer may redeem the Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below, plus accrued and unpaid interest, if any, to (but not including) the redemption date, if redeemed during the 12-month period commencing on 8 August 2020 of any year set forth below.

Period	**Redemption Price**
before 2020	105.00%
2020	102.50%
2021	101.25%

- At any time prior to 8 August 2020, the Issuer may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying the Applicable Premium.

The above senior notes are guaranteed by the A share company.

(g) Corporate bonds

(i) 2019 Bonds

In July 2014, the former B share company issued five-year corporate bonds with principal amount of RMB2,000,000,000 ("**2019 Bonds**"), which were listed on the Shanghai Stock Exchange. The 2019 Bonds are denominated in RMB, and bear interest rate at 8.9% per annum for the first three years, payable annually in arrears on or on the business day nearest to 23 July of each year, beginning 23 July 2015.

According to the terms of 2019 Bonds, the former B share company may at its option redeem the 2019 Bonds in whole at end of the third year, at a redemption price equal to 100% of the principal amount of the Bonds plus accrued and unpaid interest to the redemption date. If the former B share company waives the optional redemption at end of the third year, the former B share company may at its option raise the interest rate by 0 to 100 basis points which will be fixed in the remaining period, and the bondholders may at their option sell the bonds back to the former B share company, in whole or in part, at a price equal to 100% of the principal amount of the Bonds plus accrued and unpaid interest to the sold-back date.

The obligations relating to the 2019 Bonds had been transferred from the former B share company to the A share company.

The A share company redeemed all the outstanding 2019 Bonds in full on 24 July 2017 (the "**Redemption Date**") at a redemption price equal to 100.0% of the principal amount, plus accrued and unpaid interest.

(ii) 2020 Bonds

In November 2015, the A share company issued five-year corporate bonds with principal amount of RMB3,000,000,000 ("**2020 Bonds**"), which were listed on the Shanghai Stock Exchange. The 2020 Bonds are denominated in RMB and bear interest rate at 4.5% per annum for the first three year, payable annually in arrears on or on the business day nearest to 3 November of each year, beginning 3 November 2016.

According to the terms of 2020 Bonds, at end of the third year the A share company may at its option adjust the interest rate which will be fixed in the remaining period, and the bondholders may at their option sell the bonds back to the A share company, in whole or in part, at a price equal to 100% of the principal amount of the 2020 Bonds plus accrued and unpaid interest to the sold-back date.

(iii) 2018 Bonds

In November 2015, the A share company issued three-year corporate bonds with principal amount of RMB2,000,000,000 ("**2018 Bonds**"), which were listed on the Shanghai Stock Exchange. The 2018 Bonds are denominated in RMB, and bear interest rate at 6.0% per annum for the first two years, payable annually in arrears on or on the business day nearest to 10 November of each year, beginning 10 November 2016.

According to the terms of 2018 Bonds, at the end of the second year the A share company may at its option adjust the interest rate which will be fixed in the remaining period, and the bondholders may at their option sell the bonds back to the A share company, in whole or in part, at a price equal to 100% of the principal amount of the 2018 Bonds plus accrued and unpaid interest to the sold-back date.

On 9 November 2017, principal of RMB273,000,000 was redeemed.

(iv) 2019 Bonds I

In March 2016, the A share company issued three-year corporate bonds with principal amount of RMB1,850,000,000 ("**2019 Bonds I**"), which were listed on the Shanghai Stock Exchange. The 2019 Bonds I are denominated in RMB, and bear interest rate at 5.44% per annum for the first two years, payable annually in arrears on or on the business day nearest to 31 March of each year, beginning 31 March 2016.

According to the terms of 2019 Bonds I, at the end of the second year the A share company may at its option adjust the interest rate which will be fixed in the remaining period, and the bondholders may at their option sell the bonds back to the A share company, in whole or in part, at a price equal to 100% of the principal amount of the Bonds plus accrued and unpaid interest to the sold-back date.

(v) 2021 Bonds

In August 2016, the A share company issued five-year corporate bonds with principal amount of RMB2,000,000,000 ("**2021 Bonds**"), which were listed on the Shanghai Stock Exchange. The 2021 Bonds are denominated in RMB, and bear interest rate at 4.48% per annum for the first three years, payable annually in arrears on or on the business day nearest to 15 August of each year, beginning 15 August 2016.

According to the terms of 2021 Bonds, at the end of the third year the A share company may at its option adjust the interest rate which will be fixed in the remaining period, and the bondholders may at their option sell the bonds back to the A share company, in whole or in part, at a price equal to 100% of the principal amount of the Bonds plus accrued and unpaid interest to the sold-back date.

(vi) 2023 Bonds

In September 2016, the A share company issued seven-year corporate bonds with principal amount of RMB500,000,000 ("**2023 Bonds**"), which were listed on the Shanghai Stock Exchange. The 2023 Bonds are denominated in RMB, and bear interest rate at 4.80% per annum for the first five years, payable annually in arrears on or on the business day nearest to 12 September of each year, beginning 12 September 2016.

According to the terms of 2023 Bonds, at the end of the fifth year the A share company may at its option adjust the interest rate which will be fixed in the remaining period, and the bondholders may at their option sell the bonds back to the A share company, in whole or in part, at a price equal to 100% of the principal amount of the Bonds plus accrued and unpaid interest to the sold-back date.

(vii) 2021 Bonds I

In October 2016, the A share company issued five-year corporate bonds with principal amount of RMB2,500,000,000 ("**2021 Bonds I**"), which were listed on the Shanghai Stock Exchange. The 2021 Bonds I are denominated in RMB, and bear interest rate at 4.41% per annum for the first three years, payable annually in arrears on or on the business day nearest to 17 October of each year, beginning 17 October 2016.

According to the terms of 2021 Bonds I, at the end of the third year the A share company may at its option adjust the interest rate which will be fixed in the remaining period, and the bondholders may at their option sell the bonds back to the A share company, in whole or in part, at a price equal to 100% of the principal amount of the Bonds plus accrued and unpaid interest to the sold-back date.

(viii) 2019 Bonds II

In March 2016, the A share company issued three-year corporate bonds with principal amount of RMB1,150,000,000 ("**2019 Bonds II**"), which were listed on the Shanghai Stock Exchange. The 2019 Bonds II are denominated in RMB, and bear interest rate at 4.76% per annum for the first year, payable annually in arrears on or on the business day nearest to 31 March of each year, beginning 31 March 2016.

According to the terms of 2019 Bonds II, at the end of the first and second year the A share company may at its option adjust the interest rate which will be fixed in the remaining period, and the bondholders may at their option sell the bonds back to the A share company, in whole or in part, at a price equal to 100% of the principal amount of the Bonds plus accrued and unpaid interest to the sold-back date.

On 29 March 2017, principal of RMB65,000,000 was redeemed and the interest rate was adjusted to 5.76%, which will be fixed in the next year.

(h) Trust arrangement

(i) Secured

The balance includes a loan of RMB1,300,000,000 from a trust company with investment property located in Changzhou and its related rental and management fee receivable as collateral. The loan bears interest rate of 6.7% per annum. The other loans of RMB1,816,452,000 included in the balance are pledged with shares of the A share company as collateral, and bear interest rates between 5.77% and 6.15% per annum.

(ii) Unsecured

The balance represents a RMB750,000,000, 7%, six-month loan. This is a bridge loan due on 13 February 2018.

(i) Non-bank financial institutions

Loans from non-bank financial institutions represent borrowings from security companies, assets management companies or funds. Such borrowings are secured by land use rights or shares of the A share company and shares of subsidiaries and are likely to be guaranteed by subsidiaries of the Company for each other.

7. TRADE AND OTHER PAYABLES

	As at 31 December	
	2017	2016
Trade payables	**20,573,426**	12,479,079
Notes payable	**2,020,262**	1,660,614
Payables to related parties	**24,968,538**	10,408,432
Payables for acquisition of subsidiaries, joint ventures and associations	**2,186,793**	–
Advances from non-controlling shareholders of subsidiaries (a)	**1,982,049**	39,300
Accrued payroll	**1,186,074**	464,152
Amounts received for potential investments in property projects (b)	**504,650**	2,023,305
Business, value-added and other taxes payable	**834,002**	298,311
Deposits for construction biddings and rental deposits	**715,677**	339,339
Interest payable	**624,487**	450,583
Amounts received from participants of the A share company's restricted share incentive scheme	**145,460**	265,650
Intention deposits from potential property purchasers	**142,838**	130,113
Deed tax collected on behalf	**125,256**	69,686
Maintenance & decoration fees collected on behalf	**50,242**	73,840
Others	**498,498**	310,162
	56,558,252	29,012,566
Less: Non-current portion of call option payable	**–**	(36,670)
Current portion	**56,558,252**	28,975,896

(a) As at 31 December 2017, included in the balance is non-controlling shareholders' loans to the Group's subsidiaries for payment of land use rights. The shareholders' loans are non-interest bearing, unsecured and have no fixed repayment terms.

(b) These amounts will either be returned upon unsuccessful land biddings or be treated as the other parties' contribution to new subsidiaries or joint venture of the Group for successful land biddings. They are unsecured, non-interest bearing and have no fixed repayment terms.

8. REVENUE

Revenue of the Group consists of the following for the years ended 31 December 2017 and 2016:

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Revenue from sales of properties	**38,790,128**	27,049,679
Rental income	**573,536**	272,764
Commercial properties management fee	**421,144**	168,220
Project management fee from related parties	**398,433**	205,577
Others	**637,075**	535,854
	40,820,316	28,232,094

9. EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing expenses and administrative expenses are analysed as follows:

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Land use rights costs	**11,064,593**	7,720,514
Construction costs	**12,327,734**	11,179,592
Capitalised interest	**1,516,587**	811,964
Business tax and surcharges	**605,779**	1,188,011
Provision for impairment of properties held or under development for sale	**13,267**	–
Depreciation of property, plant and equipment	**325,474**	213,614
Amortisation of intangible assets	**15,604**	11,976
Bank charges	**80,778**	37,804
Staff costs	**2,963,833**	1,531,436
Entertainment expenses	**114,055**	84,858
Stamp duty and other taxes	**186,844**	113,051
Professional fees	**98,612**	77,586
Auditors' remuneration		
– annual audit and interim review of the Group	**2,400**	2,400
– annual audit of the A share company charged by its auditor	**3,600**	3,000
– non-audit services	**2,500**	3,380
Sales commission	**263,310**	163,781
Advertising and publicity costs	**744,370**	396,805
Rental expenses	**85,774**	39,689
Travelling expenses	**94,151**	98,652
Provision for other receivables	**16,620**	–
Other expenses	**812,065**	652,618
Total cost of sales, selling and marketing expenses and administrative expenses	**31,337,950**	24,330,731

10. FINANCE COSTS – NET

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Finance costs		
– Interest on bank loans, senior notes and corporate bonds	**(2,501,117)**	(1,669,961)
– Less: Interest capitalised	**1,673,192**	1,000,875
	(827,925)	(669,086)
– Loss from early redemption of Senior Notes	**(191,810)**	–
– Net foreign exchange gains/(losses) relating to borrowings	**333,491**	(281,941)
– Net foreign exchange losses/(gains) on cash and cash equivalents	**(158,285)**	9,397
Total finance costs	**(844,529)**	(941,630)
Finance income		
– Interest income on bank deposits	**176,332**	161,227
Net finance costs	**(668,197)**	(780,403)

11. INCOME TAX EXPENSES

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the enacted tax rate of the home country of the companies within the Group as follows:

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Profit before income tax	**10,742,410**	4,135,368
PRC land appreciation tax	**(2,475,278)**	(479,258)
	8,267,132	3,656,110
Income tax calculated at statutory rate of 25%	**2,066,783**	914,028
Non-deductible expenses (a)	**167,717**	254,135
Non-taxable income (b)	**(139,062)**	(58,593)
Utilisation of previously unrecognised tax losses	**(5,377)**	(35,270)
Tax losses not recognised as deferred tax assets	**101,786**	84,704
Prior year tax adjustments	**7,965**	9,876
PRC withholding tax	**53,695**	20,070
PRC land appreciation tax	**2,475,278**	479,258
Total income tax expense	**4,728,785**	1,668,208

(a) Non-deductible expenses for income tax purposes mainly resulted from borrowing costs on senior notes, the expense in relation to the share award and non-deductible entertainment expense.

(b) Non-taxable income includes mainly share of results of joint ventures, gains from remeasurement of investment previously held when joint ventures or associates are converted into subsidiaries.

12. EARNINGS PER SHARE

Basic earnings per share for the year is calculated by dividing the profit of the Group attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2017	2016
Consolidated profit attributable to equity holders of the Company *(RMB'000)*	**3,793,998**	1,383,953
Weighted average number of ordinary shares in issue *('000)*	**5,658,000**	5,658,000
Basic earnings per share *(RMB)*	**0.67**	0.24

As there were no dilutive options and other dilutive potential shares in issue during the years ended 31 December 2017 and 2016, diluted earnings per share is the same as basic earnings per share.

13. DIVIDENDS

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Proposed final dividend of RMB0.162 (2016: RMB0.05) per ordinary share	**959,877**	282,900

No interim dividend was declared during the year (2016: Nil).

At a Board meeting held on 14 March 2018, the directors proposed a final dividend for 2017 of RMB0.162 per ordinary share using the share premium account. This proposed dividend is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of share premium for the year ending 31 December 2018 upon approval by the shareholders at the forthcoming annual general meeting of the Company.

The final dividend in respect of 2016 of RMB0.05 per ordinary share using the share premium account, amounting to RMB282,900,000 in total was approved at the annual general meeting of the Company held on 18 May 2017. The amount was fully paid in 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

General overview

During the year, the Group made accurate judgments to market changes, adhered to sound and prudent operating principles and continued to implement our developmental strategy of "Regional Focus, Rapid Turnover, Diversified Products" in order to achieve a stable growth in its business scale. During the period, the Group achieved contracted sales of RMB126,471.6 million, representing a year-on-year increase of 94.4%, and exceeded our annual preset sales target by 48.79%, marking a new milestone for the Group's development. Meanwhile, the Group continued to deliver projects in a steady manner and recognized a revenue of RMB40,820.3 million, representing an increase of 44.6% for the year as compared to 2016. Core earnings attributable to equity holders of the Company increased by approximately 167.1% to approximately RMB3,087.6 million as compared to 2016. The Board has recommended a final dividend of RMB0.162 per share.

Review for 2017

In 2017, the real estate market in China shifted from conventionally restricting demand to boosting supply. Policies remained focusing on maintaining regulations, adjusted structure and managed stable expectations, with the effects gradually turning up. During the year, the Group accurately predicted market changes and continued to maintain a prudent and sound operating approach in upholding the development strategy of "Regional Concentration, High Turnover, Diversified Products" and achieved stable growth in its business scale.

During the year, the Group's overall operation grew rapidly, achieving contracted sales of RMB126,472.00 million for the year, representing a year-on-year increase of 94.39%. The Company continued to climb up the industry ranking and reached the thirteenth place within the country. The operation revenue amounted to RMB40,820.32 million, representing a year-on-year increase of 44.6%, and a gross profit of RMB13,581.12 million, representing a year-on-year increase of 105.6%. The gross profit margin increased from 23.4% to 33.3%.

While maintaining a business growth, the Group's financial position also remained stable and solid, domestic and foreign financing channels were unobstructed, and finance costs were further reduced. As at 31 December 2017, the Company's weighted average finance cost was reduced to 5.3%, further optimizing its debt structure.

As for the land market, the Company made accurate judgment on the macro-economy and monetary policy. It actively researched and grasped the supply-and-demand relationship between different cities, prudently entering the market in cities including Guangzhou, Chongqing, Xi'an, Zhengzhou, Nanning, Taiyuan, Langfang and Huizhou, etc.. Meanwhile, it also added prime land reserve in pre-existing cities, further expanding its nationwide coverage and laying a solid foundation for the continued healthy future development of the Company. As at 31 December 2017, the Company's total land reserve was approximately 67.40 million sq.m., which will be sufficient for development in the coming three to four years.

Prospects for 2018

In 2018, under the guidance of "housing properties for accommodation, not for speculative trading" toward the real estate industry based on the 19th CPC National Congress report, it is expected that market regulations and control will not be loosened, and the work of deleveraging and safeguarding against risks will continue. The Group will keep enhancing studies on policies, following the trend and making the best out of it. It will closely monitor and adapt to the changes in the macro-economic control policy. Meanwhile, with an understanding of customer demand, it will also strive to optimize product structure, actively implement inventory clearance, accelerate project turnover and increase contracted sales in a pragmatic manner.

As for land strategies, the Company will be more prudent in obtaining its land reserve, while also keenly evaluating merger and acquisition opportunities in the market, capitalize on the opportunities of rapid integration in the real estate industry and obtain sufficient and prime land reserve resources. As for financial management, the Company will continue to maintain strategies for high turnover and quick collection of payment. It will also enhance capital management and reasonably innovate financing approaches to ensure a safe capital chain for the Company. For internal management, the Company will focus more on the enhancement of refined management capability to optimize cost management and enhance product and brand premium with higher staff efficiency and to make contributions to the continuous improvement of the Company's profitability with the "residential and commercial two-wheel driven" model which will ensure a sustained rapid growth.

In view of the above, for 2018, the Group will target to reach RMB180.0 billion in contracted sales and RMB2.0 billion in rent and management fees income, of which we are optimistic.

Property Development

In 2017, the Group recorded contracted sales of approximately RMB126,471.56 million, representing an increase of 94.39% as compared with 2016. Contracted sales was approximately 9,282,800 sq.m. in gross floor area ("**GFA**"), representing an increase of 61.44% over 2016. A total of 42 cities across the country contributed contracted sales. Average contracted selling price (excluding carparks) for the year was RMB14,520.00 per sq.m., representing an increase of 20.10% as compared with 2016.

Table 1: Details of contracted sales of the Group in 2017

The following table sets out the geographic breakdown of the Group's contracted sales in 2017:

Name of project/property	Contracted GFA sold *(sq.m.)*	Contracted Sales *(RMB million)*
Suzhou		
Suzhou Lakeview Yueshan	276,727	3,518.71
Suzhou Xiangxiyuan	174,136	2,580.54
Changshu Ziyun Mingdi	114,453	2,115.10
Changshu Vanke Gongwang Garden	90,018	1,710.41
Suzhou Wanshangfenghua	96,418	1,543.28
Zhangjiagang Mingyue Huating	143,499	1,438.28
Suzhou Jun Wei Lai	69,562	1,266.38
Changshu Yuyue Garden	72,668	1,259.58
Suzhou Future County	49,161	1,094.43
MOC Xinchenghui	46,450	1,051.07
Suzhou Sanqianyi	63,513	1,038.54
Suzhou Shili Garden	28,737	411.01
Wujiang Wuyue plaza	31,253	355.01
Suzhou Shili Jinxiu	35,692	285.67
Taicang Huangjing Project	3,005	35.43
Zhangjiagang Wuyue Plaza	2,918	30.20
Suzhou Fragrant Legend	1,131	17.77
Other projects	368	9.81
Suzhou sub-total	1,299,709	19,761.22

Name of project/property	Contracted GFA sold *(sq.m.)*	Contracted Sales *(RMB million)*
Hangzhou		
Longhu Tianpu[(1)]	88,535	3,349.91
Xiaoshan Future Legend Mansion	114,330	2,995.41
Xiaoshan Aofu	79,544	2,023.04
Xiwangshangting	59,515	1,732.01
Hangzhou Zangmu No.8	82,884	1,411.14
Hangzhou Hongjun	86,674	1,348.55
Xiaoshan Future Consequence	74,689	1,326.81
Dongfang Mingfu[(1)]	45,531	1,162.16
Hangzhou Scarce Mansion	4,870	146.19
Other projects	367	8.22
Hangzhou sub-total	636,940	15,503.44
Nanjing		
Nanjing Puyue Zhongshan[(1)]	77,330	3,079.26
Nanjing Future Land Xianlin Lake	71,598	1,975.01
Nanjing Puyue Heshan	54,991	1,565.73
Nanjing Poly Tiandi[(1)]	79,144	1,364.89
Nanjing Future Land Yuanshan	53,826	817.03
Nanjing Xingyue Tiandi Plaza[(1)]	38,325	575.57
Nanjing Jurong G28 Project	32,682	405.52
Nanjing Flourish France	22,405	391.29
Nanjing Longwan Garden	1,818	57.38
Nanjing sub-total	432,118	10,231.69
Changzhou		
Changzhou Legend Mansion	154,099	2,337.23
Changzhou Future County	166,289	1,898.62
Changzhou Metro Yue Palace	74,460	1,262.41
Changzhou Huantaihu Arts City Project	130,095	1,110.28
Changzhou Tai He Zhi Chun Project	73,832	1,047.22
Changzhou Jintan Future Land Golden County Garden	64,855	862.80
Changzhou Future Land Taolijun	46,555	495.06
Changzhou Emporium	14,062	242.72
Changzhou Capital	7,393	75.58
Changzhou Uptown	9,285	65.57
Changzhou Future Land Golden County	3,565	51.95
Changzhou Future Land Future Consequence	3,228	41.34
Changzhou Future Land Future France	4,046	26.68
Changzhou Jintan Wuyue Plaza	1,758	18.01
Other projects	5,585	33.60
Changzhou sub-total	759,106	9,569.04

Name of project/property	Contracted GFA sold *(sq.m.)*	Contracted Sales *(RMB million)*
Shanghai		
Shanghai Future Land Yueshan[1]	50,145	2,487.92
Shanghai Shangkun Mei Shu	46,421	2,328.47
Shanghai Future Land Glorious Century[1]	21,318	886.78
Shanghai Shengyu Shijia[1]	8,846	379.23
Elite Mansion[1]	5,938	68.76
Shanghai Golden County A	3,499	49.70
Shanghai Future Land Fragrant Metropolitan	2,005	31.10
Other projects	1,248	22.52
Shanghai sub-total	139,420	6,254.47
Jiaxing		
Pinghu Wuyue Plaza	159,925	2,323.72
Jiaxing Haishangfenghua	116,573	2,024.46
Tongxiang Wuyue Plaza	31,832	658.88
Jiaxing sub-total	308,331	5,007.06
Nantong		
Qidong Wuyue Plaza	170,415	2,199.75
Nantong Future France	203,431	1,705.94
Rugao Wuyue Plaza	20,323	402.78
Nantong sub-total	394,170	4,308.47
Hefei		
Hefei Xizi Garden[1]	145,409	1,913.60
Hefei Shiguang Yinxiang[1]	84,787	1,427.08
Hefei Beichen France	77,559	900.35
Hefei sub-total	307,755	4,241.03
Changsha		
Jinmaowan[1]	183,166	2,007.69
Changsha Future Land International Metropolis	178,102	1,055.19
Changsha Wuyue Plaza	32,706	889.46
Changsha sub-total	393,975	3,952.34

Name of project/property	Contracted GFA sold *(sq.m.)*	Contracted Sales *(RMB million)*
Qingdao		
Qingdao Excellent Queen's Road[1]	116,501	2,075.51
Qingdao Future France[1]	70,822	1,261.36
Qingdao Future Land Xi Yue	31,480	367.07
Qingdao Huabanli[1]	7,151	133.53
Qingdao sub-total	225,954	3,837.47
Taizhou		
Taizhou Wuyue Plaza[1]	85,108	1,406.28
Xianju Wuyue Plaza	81,452	1,135.47
Yuhuan Wuyue Plaza	41,738	597.04
Taizhou Jiangshanyipin[1]	36,139	284.07
Taizhou sub-total	244,437	3,422.86
Zhenjiang		
Jurong Wuyue Plaza	99,093	1,160.78
Danyang Wuyue Plaza	151,220	1,100.23
Zhenjiang Dingmao Wuyue Plaza	111,982	1,026.34
Zhenjiang Future Land Exalted Uptown	14,852	70.93
Zhenjiang sub-total	377,148	3,358.27
Tianjin		
Tianjin Wuyue Plaza[1]	132,901	2,038.18
Tianjin Baodi Project[1]	76,563	1,067.76
Tianjin Xiaodian Project[1]	7,844	121.05
Tianjin sub-total	217,309	3,227.00
Wuhan		
Wuhan Jingtang	116,347	1,725.47
Wuhan Delight City	63,193	821.35
Future Land Jinghui	55,020	508.97
Wuhan sub-total	234,561	3,055.79

Name of project/property	Contracted GFA sold *(sq.m.)*	Contracted Sales *(RMB million)*
Jinan		
Jinan Fragrant Legend	122,410	1,552.51
Jinan Feicui Mansion	26,741	489.87
Jinan Future France	32,062	373.75
Jinan Future Land Ling Yu	1,498	15.69
Jinan sub-total	182,711	2,431.82
Yangzhou		
Yangzhou Wuyue Plaza[(1)]	193,704	2,293.95
Yangzhou sub-total	193,704	2,293.95
Jinhua		
Yiwu Wuyue Plaza	111,614	2,004.84
Jinhua sub-total	111,614	2,004.84
Ningbo		
Ningbo Wuyue Plaza	128,019	1,824.93
Cixi Wuyue Plaza	3,562	100.97
Ningbo sub-total	131,582	1,925.90
Anqing		
Anqing Wuyue Plaza	209,936	1,573.94
Anqing sub-total	209,936	1,573.94
Shaoxing		
Shengzhou Wuyue Plaza	164,614	1,553.45
Shaoxing sub-total	164,614	1,553.45
Taizhou		
Taixing Wuyue Plaza	127,929	1,511.40
Taizhou sub-total	127,929	1,511.40

Name of project/property	Contracted GFA sold *(sq.m.)*	Contracted Sales *(RMB million)*
Huzhou		
Huzhou Country Garden·Jadeite Bay[1]	81,800	862.09
Huzhou Country Garden·Jiayu Garden[1]	42,740	436.51
Huzhou Haishangfenghua	25,511	207.63
Huzhou sub-total	150,050	1,506.23
Kunming		
Kunming Wuyue Plaza	144,002	1,341.71
Kunming sub-total	144,002	1,341.71
Chengdu		
Chengdu Wuyue Plaza	141,829	1,302.91
Chengdu sub-total	141,829	1,302.91
Jinjiang		
Jinjiang Wuyue Plaza	104,879	1,145.33
Jinjiang sub-total	104,879	1,145.33
Nanchang		
Nanchang Wuyue Plaza	102,832	819.26
Nanchang New District Wuyue Plaza	10,899	194.57
Nanchang sub-total	113,731	1,013.83
Linyi		
Linyi Wuyue Plaza	139,351	1,012.18
Linyi sub-total	139,351	1,012.18
Haikou		
Haikou Wuyue Plaza	58,316	902.99
Haikou sub-total	58,316	902.99

Name of project/property	Contracted GFA sold *(sq.m.)*	Contracted Sales *(RMB million)*
Wenzhou		
Rui'an Wuyue Plaza	43,282	802.67
Wenzhou sub-total	43,282	802.67
Changchun		
Changchun Wuyue Plaza	87,975	763.81
Changchun sub-total	87,975	763.81
Taiyuan		
Taiyuan Wuyue Plaza	50,832	717.01
Taiyuan sub-total	50,832	717.01
Wuxi		
Wuxi Xizhang Land Parcel	21,805	326.76
Xihu Home Decor Center	13,925	174.43
Wuxi Future Land Up Town	5,233	58.40
Other projects	339	4.16
Wuxi sub-total	41,301	563.75
Shangrao		
Shangrao Wuyue Plaza	62,560	530.16
Shangrao sub-total	62,560	530.16
Quzhou		
Quzhou Wuyue Plaza	36,927	481.19
Quzhou sub-total	36,927	481.19
Huainan		
Huainan Wuyue Plaza	67,894	472.17
Huainan sub-total	67,894	472.17

Name of project/property	Contracted GFA sold *(sq.m.)*	Contracted Sales *(RMB million)*
Lianyungang		
Lianyungang Wuyue Plaza	47,037	331.93
Lianyungang sub-total	47,037	331.93
Chuzhou		
Land Parcel No. 2017-15, Laian[1]	30,253	320.27
Chuzhou sub-total	30,253	320.27
Xi'an		
Xi'an Fengdong Wuyue Plaza	19,784	319.89
Xi'an sub-total	19,784	319.89
Zhengzhou		
Xingyang Project- Land Parcel E	28,086	235.28
Zhengzhou sub-total	28,086	235.28
Foshan		
Foshan Jincheng	13,551	210.53
Other projects	94	1.20
Foshan sub-total	13,645	211.74
Nanning		
Nanning Wuyue Plaza	5,195	114.01
Nanning sub-total	5,195	114.01

Name of project/property	Contracted GFA sold *(sq.m.)*	Contracted Sales *(RMB million)*
Langfang		
Langfang V City[1]	5,657	100.12
Langfang sub-total	5,657	100.12
Carparks	797,166	3,256.92
Total	9,282,775	126,471.56

Note:

1. Joint ventures and associates' projects.

Land Bank

As at 31 December 2017, the land bank of the Group was approximately 67,401,213 sq.m.. The average acquisition cost of land bank was approximately RMB2,905 per sq.m.. The geographic spread of the land bank of the Group as at 31 December 2017 was as follows:

Table 2: Breakdown of land bank of the Group

City	Total GFA *(sq.m.)*	Percentage of the Group's total GFA *(%)*	GFA attributable to the Group's interests *(sq.m.)*	Percentage of GFA attributable to the Group's interests *(%)*
Yangtze River Delta				
Suzhou	6,633,061	9.84%	2,602,077	7.43%
Changzhou	4,417,569	6.55%	2,684,246	7.66%
Nanjing	2,278,981	3.38%	1,008,282	2.88%
Nantong	1,999,034	2.97%	792,882	2.26%
Hefei	1,776,953	2.64%	763,840	2.18%
Hangzhou	1,688,788	2.51%	639,116	1.82%
Shanghai	1,636,412	2.43%	484,119	1.38%
Taizhou	1,456,678	2.16%	805,064	2.30%
Zhenjiang	1,437,622	2.13%	967,486	2.76%
Taizhou	1,434,326	2.13%	966,494	2.76%
Shaoxing	1,319,038	1.96%	698,345	1.99%
Suqian	1,222,386	1.81%	794,666	2.27%
Xuzhou	1,131,486	1.68%	292,299	0.83%
Ningbo	1,048,128	1.56%	710,736	2.03%
Jiaxing	974,402	1.45%	656,089	1.87%
Huai'an	867,058	1.29%	563,669	1.61%
Lianyungang	820,195	1.22%	556,174	1.59%
Huaibei	690,756	1.02%	468,402	1.34%
Jinhua	682,938	1.01%	320,078	0.91%
Huzhou	658,978	0.98%	292,960	0.84%
Yangzhou	615,772	0.91%	261,879	0.75%
Shangrao	602,671	0.89%	408,671	1.17%
Huainan	478,151	0.71%	324,234	0.93%
Anqing	474,129	0.70%	321,507	0.92%
Nanchang	470,783	0.70%	319,238	0.91%
Wuxi	433,225	0.64%	111,403	0.32%
Wenzhou	201,786	0.30%	136,831	0.39%
Chuzhou	170,627	0.25%	36,608	0.10%
Quzhou	138,745	0.21%	94,083	0.27%

City	Total GFA *(sq.m.)*	Percentage of the Group's total GFA *(%)*	GFA attributable to the Group's interests *(sq.m.)*	Percentage of GFA attributable to the Group's interests *(%)*
Bohai Rim				
Qingdao	4,405,201	6.54%	1,802,311	5.15%
Tianjin	2,046,926	3.04%	964,633	2.75%
Jinan	1,356,294	2.01%	724,156	2.07%
Changchun	868,450	1.29%	591,692	1.69%
Dezhou	691,041	1.03%	463,956	1.32%
Tangshan	544,600	0.81%	252,190	0.72%
Linyi	377,489	0.56%	255,975	0.73%
Langfang	363,581	0.54%	232,097	0.66%
Pearl River Delta				
Huizhou	2,140,502	3.18%	1,069,772	3.05%
Foshan	836,442	1.24%	347,820	0.99%
Jinjiang	320,191	0.48%	217,121	0.62%
Zhaoqing	275,503	0.41%	177,926	0.51%
Haikou	225,540	0.33%	152,939	0.44%
Dongguan	91,256	0.14%	44,201	0.13%
Central and Western China				
Chengdu	2,698,632	4.00%	1,200,727	3.43%
Changsha	2,534,669	3.76%	1,416,428	4.04%
Kunming	1,346,165	2.00%	912,834	2.61%
Chongqing	1,145,272	1.70%	692,498	1.98%
Wuhan	1,121,738	1.66%	736,296	2.10%
Xi'an	1,086,047	1.61%	729,481	2.08%
Xiaogan	953,440	1.41%	556,098	1.59%
Zhengzhou	858,718	1.27%	296,971	0.85%
Guilin	740,769	1.10%	502,315	1.43%
Baoji	598,389	0.89%	405,768	1.16%
Qinzhou	583,835	0.87%	395,898	1.13%
Taiyuan	419,419	0.62%	213,306	0.61%
Huangshi	258,315	0.38%	175,163	0.50%
Hanzhong	229,551	0.34%	155,658	0.44%
Jingzhou	208,845	0.31%	46,734	0.13%
Nanning	200,803	0.30%	136,165	0.39%
Ezhou	112,912	0.17%	76,565	0.22%
Total	67,401,213	100.00%	35,027,176	100.00%

In 2017, the Group acquired a total of 122 projects to replenish its land bank. The acquired land bank was approximately 33,927,956 sq.m. (including those of the Group's joint ventures and associates' projects on a 100% basis) (including underground floor area) whilst the average acquisition cost was approximately RMB3,175 per sq.m..

Table 3: Breakdown of land acquisition from January to December 2017

City	Name of Land Parcel	Land use	Proportion of interest	Site area *(sq.m.)*	Total GFA *(sq.m.)*	Total land premium *(RMB million)*
Zhenjiang	Land Parcel 2017-4-5 Jinshan Huxi	Residential	65.01%	105,088	193,370	904.29
	Land Parcel G28 Jurong	Residential	67.81%	69,889	238,517	964.27
	Jurong Wuyue Plaza	Complex	67.81%	106,538	292,035	203.97
	Land Parcel at Xiangshan Avenue, Gaozi	Residential	65.01%	42,184	87,600	79.50
Suqian	Lakeview Park	Residential	65.01%	218,882	622,160	305.52
	Phase III of Shuimuqinghua	Residential	65.01%	109,173	344,374	559.15
Yangzhou	Land Parcel GZ055	Residential	7.80%	69,326	155,363	213.20
Nanjing	Land Parcel G49	Residential	16.25%	14,338	31,781	108.00
	Jianye Wuyue Plaza	Complex	47.47%	61,544	231,094	2,330.00
Huai'an	Land Parcel D at Rongqiao Train Station	Residential	65.01%	172,476	558,254	464.03
	Huai'an Kai No. 4 Land Parcel	Residential	65.01%	66,931	196,349	410.80
Xuzhou	Land Parcel No. 74 in Pizhou	Residential	16.25%	65,069	217,059	379.14
	Land Parcel No. 75 in Pizhou	Residential	16.25%	65,855	208,979	377.37
	Pizhou Country Garden	Residential	31.85%	224,939	703,864	1,182.89
Changzhou	Land Parcel located to the north of Jintan Avenue and to the east of Juxian Road	Residential	51.94%	48,592	175,791	601.50
	Land Parcel located to the west of Qunxian Road and to the south of Jingui Road	Residential	51.94%	134,344	457,857	1,677.00
	Tai He Zhi Chun Project	Residential	Operating rights	106,906	493,230	797.04
	Jiuzhou Wuzi Land Parcel	Residential	33.11%	83,179	253,552	1,360.00
	Huantaihu Arts City	Residential	32.79%	75,841	259,547	459.37
	7-1# Tianmuhu Avenue, Liyang	Residential	65.22%	29,574	74,208	155.39
	Tianning Wuyue Plaza	Complex	67.81%	91,317	292,452	1,040.00
	Liyang Wuyue Plaza	Complex	67.81%	270,291	451,938	1,518.24
Wuxi	Land Parcel No. 4 located to the south of Xishi Road and to the west of Fengming Road/Xizhang, Huishan District	Residential	16.59%	103,846	356,055	1,485.00
Suzhou	Shili Garden	Residential	13.43%	128,313	334,847	1,521.26
	Shili Jinxiu	Residential	67.14%	303,143	811,963	1,520.67
	Jiulihu	Residential	67.14%	26,380	28,171	447.18
	Waiguoyu	Residential	67.14%	113,712	128,729	1,047.50
	Wujiang Wanping Project	Residential	67.14%	27,051	62,476	205.45
	Zhangjiagang Nanfeng Township Project	Residential	60.43%	12,400	28,693	43.71

City	Name of Land Parcel	Land use	Proportion of interest	Site area	Total GFA	Total land premium
				(sq.m.)	*(sq.m.)*	*(RMB million)*
Nantong	Shang Yuecheng	Residential	16.78%	82,741	276,485	494.79
	Yanshou Road Land Parcel	Residential	8.39%	109,890	275,227	639.56
	Land Parcel located to the south of 1747 Shiji Avenue, Qidong	Residential	22.95%	127,760	378,815	1,500.00
	Qidong Wuyue Plaza	Complex	67.81%	110,986	258,051	475.80
Taizhou	No. 67 Royal Riverbank, Taixing	Residential	67.14%	155,263	497,195	1,108.04
	Royal Garden	Residential	67.14%	60,612	205,362	453.51
	No. 8 Royal Riverbank, Taixing	Residential	67.14%	74,420	282,285	535.82
Lianyungang	Lianyungang Wuyue Plaza	Complex	67.81%	250,967	656,712	376.80
Hefei	Shili Chunfeng	Residential	29.77%	60,000	176,554	657.00
	Xizi Garden	Residential	13.23%	104,760	290,414	1,380.00
	Da Dou Hui	Residential	33.91%	50,751	141,496	1,458.30
	Shiguang Yinxiang	Residential	21.45%	115,492	342,972	1,780.00
	Feidong Wuyue Plaza	Complex	67.81%	351,883	433,210	3,500.00
Huaibei	Huaibei Wuyue Plaza	Complex	67.81%	228,713	545,482	686.20
Huainan	Huainan Wuyue Plaza	Complex	67.81%	148,507	377,335	270.93
Chuzhou	Land Parcel No. 2017-15, Laian	Residential	21.46%	60,189	170,354	723.30
Shanghai	Land Parcels Nos. C1-2 and C5-5 in Luodian Old Town, Baoshan District	Residential	14.97%	89,155	231,782	2,245.00
	Land Parcel No. 18-02, BSPO-1701 Unit, Luojing Town, Baoshan District	Residential	15.94%	62,848	189,327	2,360.00
Jiaxing	Land Parcel in Cao Qiao, Pinghu	Residential	65.06%	66,916	191,725	582.20
Huzhou	Land Parcel No. 26, CX-06-03-02A-2, in Jiangjiangyang, Nanxun	Residential	67.72%	83,130	228,688	590.00
	Land Parcel No. 34, CX-06-03-02-01A, in Jiangjiangyang, Nanxun	Residential	67.72%	40,708	115,117	204.00
	Land Parcel No. 04 of Xiang Ji Yang	Residential	16.95%	77,912	191,250	448.00
	Land Parcel No. ZX-05-01-04-1 in Yao Jia Tian Unit in Zhuwan Village, Zhili Town	Residential	22.38%	55,672	136,695	220.00
Hangzhou	Land Parcel Xiao Zheng Chu Chu No. [2017]21	Residential	67.81%	45,394	164,018	1,782.00
Ningbo	Cixi Wuyue Plaza	Complex	67.81%	152,092	407,888	608.45
Taizhou	Yuhuan Wuyue Plaza	Complex	67.81%	153,234	380,036	853.00
	Xianju Wuyue Plaza	Complex	67.81%	140,761	378,480	823.55
Jinhua	Land Parcel No. 4 at Huajin Street	Residential	67.72%	77,465	264,752	594.16
Shaoxing	Land Parcel No. 22 at Yanjing Lake, Paojiang	Residential	33.18%	198,255	566,245	1,720.00
Wuhan	Jiangxia Yongwang Land Parcel	Residential	34.58%	51,104	73,298	117.50
Ezhou	Land Parcel G35 in Gedian, Ezhou	Residential	67.81%	27,882	112,912	338.87
Xiaogan	Land Parcel No. Guo Tu Kai P(2017)01	Residential	67.81%	76,041	283,233	627.33
	Land Parcel No. Guo Tu Kai P(2014)02	Residential	67.81%	115,752	403,493	259.47
	Land Parcel No. G(2017)028, Xiaonan District	Residential	33.91%	76,299	266,714	680.00
Huangshi	Land Parcel B at Guangzhou Road, Huangshi	Residential	67.81%	65,623	258,385	554.06
Jingzhou	Land Parcel No. P(2017)006, Shashi District	Residential	22.38%	56,413	208,845	387.00

City	Name of Land Parcel	Land use	Proportion of interest	Site area	Total GFA	Total land premium
				(sq.m.)	*(sq.m.)*	*(RMB million)*
Qingdao	Jiaozhou Haida Land Parcel	Residential	33.57%	209,522	414,727	1,510.00
	Land Parcel at Zhuzhou Road, Jiaozhou	Residential	33.57%	23,977	32,360	63.34
	Shanda Project in High-tech Zone	Residential	47.00%	161,742	290,373	1,277.69
	Hai Xin Hua Ban Li	Residential	26.85%	6,583	19,757	78.52
Dezhou	Land Parcel No. Qi Chu 2016-40 at Qimao Avenue, Qihe	Residential	67.14%	57,659	134,888	328.73
	Land Parcel located to the east of Gu Cheng Avenue, Qihe	Residential	67.14%	275,359	424,670	1,168.19
Jinan	Zhao Pai Gua Nan Land Parcel located to the west of Xiuyuan River, Zhangqiu	Residential	33.57%	62,592	105,806	394.47
	Xin Shiji Project	Residential	67.14%	18,932	104,127	240.00
Xiangtan	Jiuhua Zhong Yang Dao Project	Residential	67.81%	207,600	700,235	348.19
Changsha	Jinmaowan Project, Yuelu District	Residential	33.91%	120,729	640,419	1,105.00
	Furong Bei, Kaifu District	Residential	61.03%	34,666	178,091	303.51
	Huangxing Avenue, Yingxia Road	Residential	23.73%	30,908	165,895	136.99
	Changsha Wuyue Plaza	Complex	67.81%	73,855	127,878	259.24
Tianjin	Land Parcel No. 57B in Sino-Singapore Tianjin Eco-City	Residential	67.14%	87,339	154,530	1,382.63
	Land Parcel at Xiazhuzhuang, Wuqing District	Residential	60.43%	57,560	131,254	453.00
	Land Parcel in Xiaodian Town, Beichen District	Residential	53.71%	237,503	485,101	1,600.00
Foshan	Foshan Yufu	Residential	32.29%	47,253	165,385	1,037.90
Dongguan	Dongguan Shijie Project	Residential	48.44%	31,100	68,420	383.15
Huizhou	Shuikou, Huizhou	Residential	36.16%	97,681	163,587	350.10
	Huang Zhang Shan, Huizhou	Residential	51.66%	223,111	446,222	1,355.78
	Long Xi Project	Residential	51.66%	43,190	164,122	341.45
	Da Di Jiang Nan	Residential	51.66%	352,953	705,944	1,200.00
Zhaoqing	Da Wang Project	Residential	64.58%	66,249	211,996	533.00
Tangshan	Xie Jiazhuang Project	Residential	46.31%	156,245	544,600	1,175.38
Langfang	Guangyang Road No. 1	Residential	63.84%	71,464	185,315	1,317.55
Chengdu	Land Parcel No. C-16-2 in Dong Cheng New District, Jianyang City	Residential	24.41%	32,157	168,019	398.00
	Land Parcel at Xiongzhou Avenue, Jianyang New Town	Residential	33.23%	29,868	158,587	338.24
	88 Mu in Xinjin	Residential	54.25%	58,380	157,529	249.29
	102 Mu in Xinjin	Residential	54.25%	68,227	156,752	282.08
	81 Mu in Tong'an, Longquanyi	Residential	33.91%	53,725	150,632	483.53
	102 Mu in Shigao, Tianfu New Area, Meishan	Residential	22.38%	68,501	191,165	510.00
	34 Mu Land Parcel located to the north of Fengxiang Avenue and west of Fenghuang West 4th Road, Qing Baijiang District	Residential	33.91%	22,829	95,052	207.17
	61 Mu Land Parcel located to the south of Fenghuang Avenue and west of Fenghuang West 4th Road, Qing Baijiang District	Residential	33.91%	40,565	168,936	368.13
	186 Mu in Qing Baijiang	Residential	67.81%	124,145	426,062	1,236.49
	Land Parcel in Longqiao Town, Xindu	Residential	33.91%	110,510	284,178	873.11
	104 Mu in Shigao, Tianfu New District, Meishan	Residential	33.91%	69,859	192,277	635.00

City	Name of Land Parcel	Land use	Proportion of interest	Site area	Total GFA	Total land premium
				(sq.m.)	*(sq.m.)*	*(RMB million)*
Xi'an	Land Parcel No. QJ15-1-57	Residential	64.58%	93,025	215,850	342.25
	Xi'an Fengxi Wuyue Plaza	Complex	67.81%	143,247	428,798	341.98
	Xi'an Fengdong Wuyue Plaza	Complex	67.81%	54,606	178,785	253.90
Hanzhong	Hanzhong Wuyue Plaza	Complex	67.81%	71,269	170,575	160.35
Baoji	Baoji Wuyue Plaza	Complex	67.81%	145,687	454,257	380.60
Zhengzhou	Zhengzhou Xingyang Project-Land Parcel E	Residential	34.58%	56,302	180,142	143.65
	Zhengzhou Xingyang Project-Land Parcel D	Residential	34.58%	51,239	207,007	146.70
	Zhengzhou Xingyang Project-Land Parcel B	Residential	34.58%	42,481	183,371	129.35
	Zhengzhou Xingyang Project-Land Parcel A	Residential	34.58%	67,100	288,198	203.90
Chongqing	Land Parcel No. A062-1/03 in Sub-zone A of Lianglu Zone in Yubei District	Residential	32.53%	45,575	212,298	844.00
	Land Parcels Nos. F58-2, F63-1, F63-2 and F64-1 in Sub-zone F of Lianglu Zone, Yubei District	Residential	65.06%	104,548	265,314	1,569.56
	Land Parcel No. S41-2/03 in Sub-zone S of Lijiatuo, Banan District	Residential	67.81%	55,336	174,593	474.00
	Chongqing Wuyue Plaza	Complex	65.06%	47,992	291,808	728.62
Nanchang	Nanchang New District Wuyue Plaza	Complex	67.81%	66,395	134,083	328.65
Qinzhou	Qinzhou Wuyue Plaza	Complex	67.81%	142,611	441,157	223.10
Shangrao	Shangrao Wuyue Plaza	Complex	67.81%	137,377	444,101	831.00
Taiyuan	Taiyuan Wuyue Plaza	Complex	50.86%	82,023	324,939	1,515.13
Changchun	Changchun Beihu Wuyue Plaza	Complex	67.13%	172,801	435,054	857.74
Guilin	Guilin Wuyue Plaza	Complex	67.81%	200,657	544,641	486.73
Nanning	Nanning Wuyue Plaza	Complex	67.81%	58,169	132,937	214.65
Kunming	Kunming Chenggong Wuyue Plaza	Complex	67.81%	160,307	654,020	858.53

Property Delivery and Revenue from Sale of Properties

For the year ended 31 December 2017, revenue from sale of properties by the Group was approximately RMB38,790.1 million, representing an increase of 43.4% compared to 2016. Properties with a total GFA of approximately 3,837,800 sq.m. was delivered during the year ended 31 December 2017, representing an increase of 25.4% compared to 2016. Average selling price of properties delivered and recognized as sales was RMB10,107.0 per sq.m. in 2017, representing an increase of 14.4% compared to 2016.

The following table sets forth the revenue information relating to the properties the Group delivered for sale during 2017:

Name of project	City	Revenue *(RMB million)*	GFA *(sq.m.)*	Average selling price *(RMB/sq.m.)*
Nanjing Xianlin Lake	Nanjing	3,009.2	136,501	22,046
Wuhan Delight City	Wuhan	2,450.8	264,205	9,276
Ningbo Wuyue Plaza	Ningbo	2,144.6	222,746	9,628
Tongxiang Wuyue Plaza	Tongxiang	2,123.8	233,234	9,106
Xiaoshan Xiangyue Aofu	Hangzhou	2,080.4	89,838	23,157
Quzhou Wuyue Plaza	Quzhou	2,079.7	177,195	11,737
Dingmao Wuyue Plaza	Dingmao	2,051.5	288,928	7,100
Jinan Future France	Jinan	1,959.8	259,747	7,545
Nanjing Flourish France	Nanjing	1,793.3	144,989	12,369
Anqing Wuyue Plaza	Anqing	1,520.7	240,420	6,325
Danyang Wuyue Plaza	Danyang	1,449.2	214,813	6,746
Suzhou Wanshangfenghua	Suzhou	1,281.0	90,632	14,134
Changchun Wuyue Plaza	Changchun	1,278.3	147,272	8,680
Changzhou Future Land Emporium	Changzhou	1,270.8	97,647	13,014
Suzhou Junweilai Huayuan	Suzhou	1,250.9	73,657	16,984
Other projects		11,046.0	1,155,979	9,556
Total		**38,790.1**	**3,837,800**	**10,107**

Of the properties the Group had pre-sold, a total GFA of 8,402,000 sq.m. with total pre-sale revenue of approximately RMB128,657.57 million, had not been delivered as at 31 December 2017 (including those of the Group's joint ventures and associates' projects). This laid a solid foundation for a steady growth in the Group's revenue for the year to come.

Property Investment

The Group's investment properties were mainly derived from Changzhou Wuyue Plaza (常州吾悦廣場) and Changzhou Wuyue International Plaza (常州吾悦國際廣場) which opened for business in 2012, Suzhou Wujiang Wuyue Plaza (蘇州吳江吾悦廣場), Suzhou Zhangjiagang Wuyue Plaza (蘇州張家港吾悦廣場), and Zhenjiang Danyang Wuyue Plaza (鎮江丹陽吾悦廣場) which opened for business in 2015, Nanchang Wuyue Plaza (南昌吾悦廣場), Jintan Wuyue Plaza (金壇吾悦廣場), Anqing Wuyue Plaza (安慶吾悦廣場) and Haikou Wuyue Plaza (海口吾悦廣場) which opened for business in 2016 and Changchun Wuyue Plaza (長春吾悦廣場), Tongxiang Wuyue Plaza (桐鄉吾悦廣場), Quzhou Wuyue Plaza (衢州吾悦廣場), Zhenjiang Dingmao Wuyue Plaza (鎮江丁卯吾悦廣場), Ningbo Wuyue Plaza (寧波吾悦廣場), Shengzhou Wuyue Plaza (嵊州吾悦廣場), Rugao Wuyue Plaza (如皋吾悦廣場), Chengdu Wuyue Plaza (成都吾悦廣場), Jinjiang Wuyue Plaza (晉江吾悦廣場) and Nanjing Gulou Wuyue Plaza (南京鼓樓吾悦廣場) which opened for business in 2017.

In 2017, the Group had several new investment properties under development, mainly Taizhou Wuyue Plaza (台州吾悦廣場), Tianjin Wuyue Plaza (天津吾悦廣場), Nanjing Wuyue Plaza (南京吾悦廣場), Rui'an Wuyue Plaza (瑞安吾悦廣場), Yangzhou Wuyue Plaza (揚州吾悦廣場), Kunming Wuyue Plaza (昆明吾悦廣場), Yiwu Wuyue Plaza (義烏吾悦廣場), Linyi Wuyue Plaza (臨沂吾悦廣場), Pinghu Wuyue Plaza (平湖吾悦廣場), Taixing Wuyue Plaza (泰興吾悦廣場), Qidong Wuyue Plaza (啓東吾悦廣場), Nanning Wuyue Plaza (南寧吾悦廣場), Taizhou Yuhuan Wuyue Plaza (台州玉環吾悦廣場), Nanchang New District Wuyue Plaza (南昌新建吾悦廣場), Huainan Wuyue Plaza (淮南吾悦廣場), Jurong Wuyue Plaza (句容吾悦廣場), Changsha Wuyue Plaza (長沙吾悦廣場), Ningbo Cixi Wuyue Plaza (寧波慈溪吾悦廣場), Taizhou Xianju Wuyue Plaza (台州仙居吾悦廣場) and others. As at 31 December 2017, the development of such investment properties has not been completed.

Table 5: Breakdown of rental income from investment properties of the Group in 2017

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Rental income		
Wujin Wuyue Plaza	**93,262**	65,151
Wuyue International Plaza	**70,354**	59,842
Wujiang Wuyue Plaza	**19,448**	7,078
Zhangjiagang Wuyue Plaza	**31,135**	21,549
Danyang Wuyue Plaza	**29,234**	21,165
Haikou Wuyue Plaza	**37,541**	7,640
Nanchang Wuyue Plaza	**26,076**	4,156
Jintan Wuyue Plaza	**29,736**	2,462
Anqing Wuyue Plaza	**25,956**	835
Chengdu Wuyue Plaza	**25,204**	–
Tongxiang Wuyue Plaza	**24,457**	–
Quzhou Wuyue Plaza	**19,762**	–
Changchun Wuyue Plaza	**24,888**	–
Zhenjiang Wuyue Plaza	**16,097**	–
Shengzhou Wuyue Plaza	**8,739**	–
Rugao Wuyue Plaza	**5,318**	–
Ningbo Wuyue Plaza	**4,293**	–
Nanjing Wuyue Plaza	**2,163**	–
Jinjiang Wuyue Plaza	**1,298**	–
Future Land Holdings Tower B	**44,851**	15,903
Total	**539,809**	205,781

The Group did not hold any other significant investments except for the aforementioned investment properties as at 31 December 2017.

Principal Risks and Uncertainties

The PRC property market is volatile and may experience undersupply or oversupply of property units and significant property price fluctuations. The Group's business depends and will continue to depend on the growth of the economy in the PRC. A significant downturn in the PRC economy could adversely affect the demand for commercial and residential properties. The PRC central and local governments frequently adjust monetary, fiscal or other economic policies to prevent and curtail the overheating of the economy, which may affect the PRC property market. Such policies may lead to changes in market conditions, including price instability and an imbalance of supply and demand in respect of commercial and residential properties, which may materially and adversely affect the Group's business and financial condition.

The property market in the Yangtze River Delta and major cities along the Shanghai-Nanjing Economic Corridor has been highly competitive in recent years. Property developers from the PRC and overseas have entered the property development markets in the Yangtze River Delta and major cities along the Shanghai-Nanjing Economic Corridor where the Group has operations or where the Group may expand into. Many of the Group's competitors, including overseas listed foreign developers and top-tier domestic developers, may have more financial or other resources than the Group and may be more sophisticated than the Group in terms of engineering and technical skills. Competition among property developers may cause an increase in land costs and raw material costs, shortages in quality construction contractors, surplus in property supply leading to property price decline, further delays in issuance of governmental approvals, and higher costs to attract or retain talented employees. Moreover, property markets across the PRC are influenced by various other factors, including changes in economic conditions, banking practices and consumer sentiment.

Compliance with Relevant Laws and Regulations

The PRC property market is heavily regulated and subject to frequent introduction of new regulations, including further measures by the PRC government to slow down the growth of the property sector, which may adversely affect property developers. The PRC government exerts considerable direct and indirect influence on the growth and development of the PRC property market through industry policies and other economic measures such as setting interest rates, controlling the supply of credit by changing bank reserve ratios and implementing lending restrictions, increasing tax and duties on property transfers and imposing foreign investment and currency exchange restrictions. From 2004 to 2017, the PRC government introduced a series of regulations and policies designed to generally control the growth of the property market, including, among others:

(i) strictly enforcing the idle land related laws and regulations;

(ii) restricting the grant or extension of revolving credit facilities to property developers that hold a large amount of idle land and vacant commodity properties;

(iii) prohibiting commercial banks from lending funds to real estate developers with an internal capital ratio of less than certain prescribed percentage; and

(iv) restricting PRC commercial banks from granting loans to property developers for the purpose of paying land grant premiums.

In particular, the PRC government also introduced the following policies, among others, to specifically control the growth of the residential property market:

(i) limiting the maximum amount of monthly mortgage and the maximum amount of total monthly debt service payments of an individual borrower;

(ii) imposing a business tax levy on the sales proceeds for second-hand transfers subject to the length of holding period and type of properties;

(iii) increasing the minimum amount of down payment of the purchase price of the residential property of a family;

(iv) tightening the availability of individual housing loans in the property market to individuals and their family members with more than one residential property; and

(v) limiting the availability of individual housing provident fund loans for the purchase of second (or more) residential properties by labourers and their family members.

These measures resulted in downward pricing pressures on the PRC property market and low transaction volumes in recent years. The PRC government may implement further tightening measures to restrain the PRC property market at the national, provincial, municipal and/or local level, which may lead to the declining trends in transaction volume and selling prices of properties in the PRC, and as a result, the Group's financial condition and results of operations may be affected.

Environmental Policies and Performance

Property developers in China are subject to a number of environmental laws and regulations including the Environment Protection Law of the PRC (《中華人民共和國環境保護法》), the Prevention and Control of Noise Pollution Law of the PRC (《中華人民共和國環境噪聲污染防治法》), the Environmental Impact Assessment Law (《環境影響評價法》), and Administrative Regulations on Environmental Protection in relation to Construction Projects (《建設項目環境保護管理條例》). The Group is subject to these laws and regulations concerning the protection of health and environment. As required by PRC laws, independent environmental consultants have conducted environmental impact assessments at all of construction projects and environmental impact assessment documents were submitted to the relevant government authorities for approval before commencement of construction. The local authorities may request a developer to submit the environmental impact documents, issue orders to suspend the construction and impose a penalty for a project where environmental impact assessment documents have not been approved before commencement of construction. For the year ended 31 December 2017, no fines or penalties for non-compliance of PRC environmental laws and regulations were imposed on the Group. The Group is in compliance in all material respects with applicable environmental laws and regulations in China and has obtained all required approvals in relation to the environmental impact reports for property development projects.

Relationships with Customers and Suppliers

The Group maintained good relationships with customers and suppliers. The major suppliers of the Group are construction material suppliers and construction contractors, and the five largest suppliers accounted for approximately 21.57% of total purchases for the year ended 31 December 2017. The Group's five largest customers accounted for approximately 0.51% of total revenue for the year ended 31 December 2017.

The Group engages third-party contractors to carry out various services relating to property development projects, including design, pile setting, foundation building, construction, equipment installation, electromechanical and pipeline engineering, elevator installation and landscaping. The Group generally selects third-party contractors through a tender process and endeavor to engage companies with a strong reputation and track record, high performance, reliability and adequate financial resources.

Financial Review

Revenue

The Group's revenue comprises income from sale of properties and, to a lesser extent, property management, rental and other property related services earned during the year. The Group's revenue increased by 44.6%, to approximately RMB40,820.3 million for the year ended 31 December 2017 from approximately RMB28,232.1 million for the year ended 31 December 2016. As a breakdown, income from sales of properties during the year ended 31 December 2017 was approximately RMB38,790.1 million, representing a year-on-year increase of 43.4%; rental and management fees from commercial properties were RMB1,018.9 million, representing a year-on-year increase of 131.0%; and project management fees from joint ventures and associates were RMB398.4 million, representing a -year-on-year increase of 93.8%.

Cost of Sales

Cost of sales consists primarily of the costs the Group incurred directly in relation to its property development activities as well as its leasing and property management operations. Cost of sales includes construction costs, land use rights costs, business tax and surcharges, capitalized interest and other business costs. The Group's cost of sales increased by 26.0% to approximately RMB27,239.2 million for the year ended 31 December 2017 from approximately RMB21,625.1 million for the year ended 31 December 2016.

The following table sets forth information relating to the Group's cost of sales for the years indicated:

Table 6: Breakdown of the Group's cost of sales

	Year ended 31 December		Year-on-year change compared to
	2017	2016	**2016**
	RMB'000	*RMB'000*	
Land use rights costs	**11,064,593**	7,720,514	**43**
Construction costs	**12,327,734**	11,179,592	**10**
Capitalized interest	**1,516,587**	811,964	**87**
Business tax and surcharges	**605,779**	1,188,011	**(49)**
Provision for impairment of properties held or under development for sale	**13,267**	–	**–**
Other expenses	**1,711,233**	725,041	**136**
	27,239,193	21,625,122	**26**
Total GFA delivered (sq.m.)	**3,837,800**	3,061,255	**25**
Average cost per sq.m. sold (RMB) *(Note)*	**6,490**	6,439	**1**
Average selling price per sq.m. sold (RMB)	**10,107**	8,836	**14**
Average cost as % of average selling price	**64.21%**	72.87%	**(12)**

Note: Average cost per sq.m. sold refers to the average cost of the Group's property sales (excluding the Group's leasing and property management operations) and is derived by dividing the sum of construction costs, land use rights costs and capitalized interest for a year by the total GFA delivered in that year.

Gross Profit

The Group's gross profit increased by 105.6% to approximately RMB13,581.1 million for the year ended 31 December 2017 from approximately RMB6,607.0 million for the year ended 31 December 2016. The Group reported a gross profit margin of approximately 33.3% for the year ended 31 December 2017, higher than that of approximately 23.4% for the year ended 31 December 2016, primarily attributable to the increase in selling price and favourable earnings recorded for most projects.

Fair Value Gains on Investment Properties

The Group develops and holds certain of its commercial properties such as retail shops, shopping malls and carparks for rental income or capital appreciation. The Group's investment properties are appraised annually by an independent property valuer. Any appreciation or depreciation in the Group's investment property value is recognized as fair value gains or losses in the Group's consolidated statements of income. Valuation gains on investment properties was approximately RMB1,331.9 million before tax for the year ended 31 December 2017. The fair value gain recorded for investment properties was primarily attributable to the increase in capital value on the whole.

Other Gains – Net

Net other gains increased by 19.5% to approximately RMB301.0 million for the year ended 31 December 2017 from approximately RMB254.1 million for the year ended 31 December 2016. The increase in net other gains was mainly due to the gain of RMB36.8 million arising from the disposal of certain subsidiaries engaging in real estate development business and the remeasurement gain of RMB261.8 million arising from certain joint ventures engaging in real estate development which has been converted into subsidiaries.

Selling and Marketing Expenses

Selling and marketing expenses increased by 66.8% to approximately RMB1,831.9 million for the year ended 31 December 2017 from approximately RMB1,097.9 million for the year ended 31 December 2016. The increase was primarily attributable to an increase in selling and marketing expenses incurred as the Group launched more projects for pre-sale in 2017.

Administrative Expenses

Administrative expenses increased by 41.0% to approximately RMB2,266.9 million for the year ended 31 December 2017 from approximately RMB1,607.7 million for the year ended 31 December 2016. The increase in administrative expenses was primarily attributable to an increase in staff costs resulting from an increase in the Group's staff headcount in 2017.

Finance Costs – Net

The Group's finance costs primarily consists of interest expenses on bank loans, senior notes and corporate bonds less capitalized interest, and foreign exchange gains. Interest on borrowings relating to project development is capitalized to the extent that it is directly attributable to a particular project and used to finance the development of that project. Net finance costs of the Group decreased by 14.4% to approximately RMB668.2 million for the year ended 31 December 2017 from approximately RMB780.4 million for the year ended 31 December 2016. This decrease was mainly attributable to the foreign exchange gains on borrowings which are denominated in USD, at the appreciation of RMB against US dollars.

Income Tax Expense

The Group's income tax expense includes provisions made for land appreciation tax ("**LAT**"), PRC corporate income tax and deferred income tax during the year. Income tax expense increased by 183.5% to approximately RMB4,728.8 million for the year ended 31 December 2017 from RMB1,668.2 million for the year ended 31 December 2016. The increase was primarily due to the increase in the Group's profit from the property development segment in 2017.

Profit for the Year

Net profit attributable to equity holders of the Company increased by 174.1% to approximately RMB3,794.0 million for the year ended 31 December 2017 from approximately RMB1,384.0 million for the year ended 31 December 2016.

Core earnings attributable to equity holders of the Company increased by 167.1% to approximately RMB3,087.6 million for the year ended 31 December 2017 from approximately RMB1,156.0 million for the year ended 31 December 2016.

Liquidity, Financial and Capital Resources

Cash position

As at 31 December 2017, the Group's cash at bank and at hand (including restricted cash) increased by 79.2% to approximately RMB24,647.8 million from approximately RMB13,756.4 million as at 31 December 2016. The carrying amount of the Group's cash and cash equivalents increased by 72.6% to approximately RMB20,542.7 million as at 31 December 2017 from approximately RMB11,905.3 million as at 31 December 2016.

Borrowings and charges on the Group's assets

The Group's outstanding current and non-current borrowings amounted to RMB49,381.2 million as at 31 December 2017, of which approximately RMB15,273.1 million is repayable within one year, approximately RMB15,906.5 million is repayable after one year but within two years, approximately RMB18,120.3 million is repayable after two years but within five years and approximately RMB81.3 million is repayable after five years. The Group's current and non-current borrowings increased by RMB22,169.35 million to RMB49,381.2 million as at 31 December 2017 from RMB27,211.9 million as at 31 December 2016.

As at 31 December 2017, the Group's bank loans were approximately RMB14,408.0 million, all of which were secured by one or a combination of the following methods: land use rights, properties under development, investment properties, property, plant and equipment, shares of the Company's subsidiaries, bank deposits and/or guarantees by the Company's subsidiaries. The Group's bank borrowings are from major commercial banks, all of which are independent third parties.

The proportion of the Group's long-term borrowings in the total borrowings was 69.1% as at 31 December 2017, ensuring the healthy and stable cash flow of the Group in the future. The Directors believed that the constant optimization of the Group's debt level and financial structure had laid a solid foundation for the Group to withstand market volatility and diminish financial risks.

The weighted average interest rate for the Group's bank borrowings, senior notes and corporate bonds as at 31 December 2017 was 5.28%.

Net debt-to-equity ratio

As at 31 December 2017, the Group's net debt-to-equity ratio increased to 100.4% from 88.7% in 2016, primarily due to an increase in net debt resulted from the increase in financing and the increase in investment cash outflow. Net debt-to-equity ratio is calculated by dividing net debt at the end of the period by total equity and multiplying by 100%. Net debt is calculated as total borrowings less cash, cash equivalents and restricted cash.

Contingent Liabilities

Pursuant to the mortgage contracts, banks require the Group to guarantee its purchasers' mortgage loans. Guarantees for mortgages on pre-sold residential properties are generally discharged at (i) the issue of the real estate ownership certificate by government authorities to the purchaser; or (ii) the satisfaction of mortgage loans by the purchasers of the properties (whichever is earliest). If a purchaser defaults on a mortgage loan, the Group is responsible to repay the outstanding mortgage principal together with accrued interest and penalties owed by the defaulting 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 typically starts from the date of grant of the mortgage.

As at 31 December 2017, the Group's contingent liabilities in respect of the guarantees given to the financial institutions for mortgage loan facilities granted to purchasers of the Group's properties amounted to approximately RMB18,825.4 million (as at 31 December 2016: approximately RMB12,130.3 million). In light of the minimal historical default rates of such mortgage loans facilities, the Directors considered that the likelihood of default of payments by the purchasers is minimal and therefore the financial guarantee measured at fair value is immaterial.

There are certain corporate guarantees provided by the Company's subsidiaries for each other in respect of borrowings as at 31 December 2017. The Directors consider that the Company's subsidiaries are sufficiently and financially resourced to settle their obligations.

Save as those disclosed in this results announcement, the Group had no other material contingent liabilities as at 31 December 2017.

Available-for-sale Financial Assets

As at 31 December 2017, the fair value of the Group's available-for-sale financial assets increased by 152.8% to approximately RMB1,099.5 million from approximately RMB434.9 million as at 31 December 2016. The increase is mainly attributable to the Group's acquisition of available-for-sale financial assets in 2017.

Foreign Exchange Risk

As at 31 December 2017, the Group had cash balances denominated in Renminbi of approximately RMB24,157.3 million, in Hong Kong dollars of approximately RMB199.8 million and in U.S. dollars of approximately RMB6,290.6 million.

Almost all of the Group's operating activities are carried out in the PRC with most of the transactions denominated in Renminbi. The Group is exposed to foreign currency risk arising from the exposure of U.S. dollars and Hong Kong dollars against Renminbi as a result of certain cash balances and the settlement of certain general and administrative expenses and other loans in U.S. dollars or Hong Kong dollars.

The USD350 million senior notes issued in 2014, which was redeemed by the Company in full on 20 March 2017 at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest to the redemption date, as disclosed in the announcement of the Company dated 17 February 2017, and the USD350 million senior notes issued on 9 February 2017 through the international capital market at a fixed interest rate of 5.0% with a term of three years secure a healthy and sound cash flow for the Group in the future. As a result of the issuance of these senior notes, the Group became exposed to foreign currency risk arising from the exposure of Renminbi against U.S. dollars.

In addition, Renminbi is not freely convertible into foreign currencies and the conversion of Renminbi into foreign currencies is subject to rules and regulations of the foreign exchange control promulgated by the PRC government.

The Group does not have a foreign currency hedging policy. However, the Directors monitor the Group's foreign exchange exposure closely and may, depending on the circumstances and trend of foreign currency, consider adopting appropriate foreign currency hedging policy in the future and will make disclosures as and when necessary.

Material Acquisition and Disposal

During the year ended 31 December 2017, the Group did not have any material acquisition or disposal of subsidiaries, associates or assets.

Future Plans for Material Investment or Capital Assets

The Directors confirmed that as at the date of this results announcement, there are no current plans to acquire any material investment or capital assets other than in the Group's ordinary business of property development.

Employees and Compensation Policy

As at 31 December 2017, the Group had 12,887 full-time employees in the PRC and Hong Kong, 11,329 of which worked in the property development operations and management of commercial complexes and 1,558 were engaged in other operations.

The Group determines the remuneration packages of all employees (including the Directors) based on their performance, work experience and the prevailing market wage level, and provide promotional opportunities for them with reference to their individual strengths and potentials. The remuneration package of the employees consists of basic salary, cash bonus and share-based payments. The Group has established a performance appraisal system so as to evaluate the performance of its employees on an annual basis and use the evaluation results to determine their salary increment or promotion accordingly. The Group recognized an expense in relation to share-based payments of RMB77.9 million for the year ended 31 December 2017 (for the year ended 31 December 2016: RMB13.2 million).

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**AGM**") is to be held on Wednesday, 2 May 2018 and the notice of AGM is expected to be published and dispatched to the Shareholders on or about Wednesday, 28 March 2018.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of RMB0.162 per share for the year ended 31 December 2017 (2016: RMB0.05) to the shareholders of the Company (the "**Shareholders**").

The proposed final dividend will be paid on or about 30 May 2018 after approval by the Shareholders at the forthcoming AGM.

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 as announced by the People's Bank of China for the business days during the period from 2 May 2018 to 4 May 2018.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 26 April 2018 to Wednesday, 2 May 2018, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the forthcoming AGM to be held on Wednesday, 2 May 2018. In order to be eligible to attend and vote at the forthcoming AGM, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Wednesday, 25 April 2018.

The record date for qualifying to receive the proposed final dividend is Thursday, 10 May 2018. In order to determine the rights of Shareholders entitled to receive the proposed final dividend, which is subject to the approval by Shareholders at the forthcoming AGM, the register of members of the Company will also be closed from Tuesday, 8 May 2018 to Thursday, 10 May 2018, both days inclusive. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Monday, 7 May 2018.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own code of corporate governance. The Company has complied with all applicable code provisions of the CG Code throughout the year ended 31 December 2017. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

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 as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries with all the Directors, each of the Directors has confirmed that he has complied with the Model Code during the year ended 31 December 2017.

During the year ended 31 December 2017, the Company has also adopted its own code of conduct regarding employees' securities transactions on terms no less exacting than the standards set out in the Model Code for compliance by its relevant employees who are likely to be in possession of inside information of the Company in respect of their dealings in the Company's securities.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2017, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities.

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The audit committee of the Company, comprising all the independent non-executive Directors, has reviewed together with the management and external auditor the accounting principles and policies adopted by the Group and the consolidated financial statements for the year ended 31 December 2017.

PUBLICATION OF THE CONSOLIDATED ANNUAL RESULTS AND 2017 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.futureholdings.com.cn), and the 2017 annual report containing all the information required under the Listing Rules will be dispatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board
Future Land Development Holdings Limited
WANG Zhenhua
Chairman

PRC, 14 March 2018

As at the date of this announcement, the Directors are Mr. Wang Zhenhua, Mr. Lv Xiaoping, Mr. Lu Zhongming, Mr. Liu Yuanman and Mr. Chan Wai Kin as executive Directors, Mr. Wang Xiaosong as non-executive Director, and Mr. Chen Huakang, Mr. Zhu Zengjin and Mr. Zhong Wei as independent non-executive Directors.

* *Denotes English translation of the name of a Chinese company or entity is provided for identification purpose only.*