廣州富力地產股份有限公司

GUANGZHOU R&F PROPERTIES CO., LTD.*

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

(Stock code: 2777)

2017 ANNUAL RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

- Revenue increased by 10% to RMB59.28 billion
- Net profit increased by 204% to RMB21.42 billion
- Revenue from sales of property increased by 9% to RMB53.71 billion
- Core profit increased by 27% to RMB7.59 billion
- Gross profit margin of the Group and sales of properties increased significantly to 35.4% and 37.6% respectively
- Effective interest rate was lowered to 5.12% p.a.
- Sufficient liquidity with cash of RMB32.21 billion
- Proposed final dividend of RMB0.77 per share – including interim dividend, full year dividend was equivalent to RMB1.10 per share

The board of directors (the "Board") of Guangzhou R&F Properties Co., Ltd. (the "Company" or "R&F") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2017. The annual results have been reviewed by the audit committee of the Company.

CHAIRMAN'S STATEMENT

With high aspirations comes high achievements, which was the case for the Group in 2017. After setting a contracted sales target for 2017 of RMB73 billion and revising it up to RMB80 billion, the Group exceeded all expectations to achieve a final contracted sales of RMB81.86 billion, representing a growth of 35% and 35%, respectively, over 2016 in terms of attributable GFA and attributable sales value. In 2017, China's property sector continued to grow steadily driven by robust end user demand across various city tiers with the strongest growth exhibited in tier-2 and tier-3 cities as China's population growth in these regions fueled the need for new home purchases and upgraders. With the China Central Government's continued stance on reducing speculative investment in China property through persistent austerity measures to ease average selling prices and restrict multiple home purchasers, the sector has adjusted accordingly to influence the direction of property developers to cities whereby demand is targeted at end users. In 2017, the volume of GFA developed in tier-2 and tier-3 cities continued to outpace the growth in tier-1 cities as outskirt cities saw higher demand growth and more project launches to meet the needs of residential buyers. As the distribution of growth diversified across cities in China, so did the Group's concentration of property development in China such that for 2017, the proportion of contracted sales from tier-2, tier-3 and other cities represented 66% of total contracted sales. Similarly, in response to the contracted sales trend, the GFA acquired in 2017 was proportionately higher in these cities was 15.22 million sq.m., or 84% of total new land purchases. However, despite the higher concentration to lower tier cities, the Group continues to remain optimistic about China's overall property market and therefore have made significant investments in land bank across all cities in 2017. In 2017, the Group acquired 18.11 million sq.m. of attributable saleable area for a total consideration of RMB58.43 billion, generating significant additional saleable resources of approximately RMB256 billion for the coming years. Consistent with the Group's long-term strategy of locking in future value through strategically timed land acquisitions, the Group can ensure it can continue to deliver above market profitability and stable return to shareholders despite cyclic fluctuations in the overall property sector.

Strategic land acquisitions to lock-in saleable resources

To capture and maintain a steady upward momentum, the Group cannot ignore the increasing importance of identifying, securing and leveraging our market insight to selectively build up a sizeable land bank that can mitigate sector uncertainties such as land scarcity, rising land prices and new demand across a number of new emerging cities. After a few years of consolidating sales and profits from previous land acquisitions, in 2017, the Group undertook a significant land acquisition strategy to acquire land bank to secure future saleable resources. In 2017, the Group committed RMB58.43 billion to acquire 18.11 million sq.m. of attributable saleable area across 53 cities. After the acquisition and delivery of GFA sold, the Group's total attributable land bank at the end of 2017 was 51.38 million sq.m. which is estimated to meet at least four years of future land bank. Based on total GFA acquired, the strategic focus of land bank acquisitions was predominantly in China accounting for 93% of total GFA acquired. With the China Central Government's continued push for urbanisation and sustainable development of residential housing, China's growth in affordable residential housing will continue to be a key driver in the overall development of China's property sector. The significant investment in land bank in China is consistent with China's policy on domestic investment and further solidifies the Group for long-term sustainable growth. Outside China, the Group has prudently made limited land acquisitions including in London and other cities which are strategic in nature.

Consolidating the Group's exposure in hotel development

Growth has been primarily driven by property development revenue, but hotel development has grown into a sizeable recurring revenue stream that has increased over time. Over the past three years, revenue from hotel development has increased at a compound annual growth rate of 29% p.a. to RMB2,375 million for 2017 and continues to grow organically. However, in 2017, the Group undertook a major step in consolidating its hotel strategy by acquiring the majority of hotel assets owned by Dalian Wanda Commercial Properties Co., Ltd. ("Wanda Hotels"). At the end of 2016, the Group had 14 international hotels under operation under the DoubleTree by Hilton, Grand Hyatt, Holiday Inn, Holiday Inn Express, Hyatt Regency, Intercontinental, Marriot, Park Hyatt, Pullman, Renaissance and Ritz-Carlton brands. During the year of 2017, 4 new hotels were opened under Atour, Conrad, Hilton and Lanson Place brands, and there were also 17 hotels in development and planning pipeline. After the Wanda Hotels acquisition and as at the beginning of January 2018, the Group is now the largest owner of luxury hotels globally with a total of 88 completed hotels and 26,365 room keys with the addition of the Crowne Plaza, Le Meridien, Sheraton, Sofitel, Wanda Realm, Wanda Vista and Westin brands. The acquisition was highly attractive for various strategic rationales but in addition was also at a deep discount to net asset value for a maturing hotel portfolio with a steady revenue stream that delivers a profit attributable to owners. From a financial perspective, the acquisition was highly accretive having contributed to a one-off gain of RMB13.1 billion and will significantly increase the revenue generated from hotels in the coming years. In 2018, the Group will continue to rationalize the portfolio of hotel assets to improve the operating efficiency and per hotel revenue contribution to maximise the profits to the Group.

Continue to broaden contracted sales and revenue across more China cities

Based on current market conditions and robust underlying demand in mid to lower tier cities, the Group has strategically been diversifying its contracted sales across a wider distribution of cities and number of projects. Whilst the focus in tier-1 and tier-2 cities remains the same, the Group's expansion strategy to more cities enables the Group to reach a larger scale whilst maintaining the same high profitability profile. In 2017, 87% of contracted sales was achieved from tier-1 and tier-2 cities, down from 94% in 2016 to reflect a wider contribution from emerging cities. Similarly, the top 5 cities contributed 34% of contracted sales when compared to 49% in 2016, illustrating a much broader distribution of sales across a wider number of cities and more projects being made available by the Group. In terms of number of projects, there were 88 projects which were sold in 2017 versus 65 projects in 2016. The increase in number of projects reflects the Group's strategy to ramp up its scale of saleable resources through providing more projects across a wider footprint. In order to be able to deliver on a larger scale of saleable resources, new GFA starts were increased from 6.01 million sq.m. in 2016 to 11.74 million sq.m. in 2017, or 95% increase, resulting in more saleable GFA to meet contracted sales and delivery targets. Increasing the saleable GFA by increasing new GFA construction starts and distributing this over more projects enables the Group to increase flexibility when launching new projects to meet contracted sales targets.

Undertook active financing across various financial products to fund expansion growth

In 2017, the Group underwent a significant business expansion in terms of land bank and hotel investment which was supported by an active financing plan. The total land bank paid in 2017 was about RMB31 billion and the acquisition of Wanda Hotels amounted to RMB17.7 billion, which alongside existing debt refinancing meant there was a need to secure significant financing resources with the added challenge of maintaining a low cost funding structure amidst the back drop of rising interest rate environment. In 2017, the Group raised a total of USD2.03 billion through USD senior notes, syndicated loan facility and commercial loans with weighted-average cost of 5.58% p.a., and the Group also raised two tranches of medium-term notes in the amount of RMB2 billion approved by National Association of Financial Market Institutional Investors with average cost of 5.375% p.a. to fund debt refinancing and investments. In addition, the Group also secured RMB121.1 billion of uncommitted credit facilities for future financing needs. The amount of financing raised and available credit lines demonstrates the Group's ongoing ability to tap capital markets and banks for financial support for expansion and refinancing as and when they fall due. The Group will continue to explore new financing opportunities and broaden its funding channels in China and abroad to ensure it remains financially flexible as financial markets fluctuate.

Over the preceding fiscal years, the Group has managed to significantly reduce interest cost from 7.83% p.a. in 2015 to 5.12% p.a. in 2017 as a result of a lower interest rate environment and availability of low cost domestic financing. The low-cost funding has allowed the Group to take advantage of additional capital to grow the scale of the operations by more than double based on contracted sales and a further approximately 60% or more in 2018. However, in a rising interest rate environment globally, we would expect financing costs to start to increase gradually in the near term whereby the Group is actively managing. To offset the financing costs increase, the profitability of the Group has also significantly improved in 2017 with gross profit margins achieved of 35.4% versus 28.3% in 2016 as a result of well-timed land acquisitions and property sector recovery that should offset the near term effects of interest rate movements.

Business highlights of 2017

The most significant business highlight in 2017 was related to the acquisition of hotel assets from Dalian Wanda Commercial Properties Co., Ltd. at a substantial discount to net book value. As of the beginning of January 2018, the acquisition of 70 hotels and one office building has been completed and the Group has become the largest owner of luxury hotels globally. The Group currently has 88 luxury hotels operating under the Atour, Conrad, Crowne Plaza, DoubleTree by Hilton, Grand Hyatt, Hilton, Holiday Inn, Holiday Inn Express, Hyatt Regency, Intercontinental, Lanson Plaza, Le Meridien, Marriot, Park Hyatt, Pullman, Renaissance, Ritz-Carlton, Sheraton, Sofitel, Wanda Realm, Wanda Vista and Westin brands with 26,365 room keys and another 17 hotels under its development and planning pipeline. The revenue contribution in 2017 only took into account of the period after completion of the transfer of hotel assets to the Group late in the fourth quarter which was not significant but will be fully consolidated in 2018. Based on the total consideration of approximately RMB18.1 billion for 70 hotels and one office block, the simple average of the price paid per hotel is approximately RMB255 million per hotel, which, compared to the Group's existing cost RMB430 million per hotel is significantly lower in value. In addition, as the hotel assets mature, they create financing opportunities in the form of asset financing that is both low cost and long-term. Hence, the Wanda hotel assets acquisition has provided a substantial short-term one-off extraordinary gain but will continue to provide further financial benefits in the long-term.

The primary business of the Group, property development, remains the key contributor to the Group's operations with contracted sales increasing 35% from RMB60.86 billion to RMB81.86 billion in 2017. After a lack of sales growth in 2016, the significant year-on-year contracted sales growth in 2017 was a result of land bank investments in prior years and a strategic decision by management to increase the pace of property development in response to strong underlying demand in the property market. At the start of 2017, the Group set a contracted sales target of RMB73 billion, which was subsequently increased to RMB80 billion before achieving contracted sales of RMB81.86 billion. In order to achieve the contracted sales targets set by management, total saleable resources of RMB152 billion was made available, representing an increase of 23% over available saleable resources in 2016. With the outlook of China's property market remaining optimistic, management will continue to increase available saleable resources available to deliver even higher contracted sales.

As a result of strong growth in contracted sales achieved in 2017 and 2016, the total revenue achieved by the Group increased to a record high of RMB59.28 billion or 10% increase over 2016 revenue of RMB53.73 billion. The significant increase in revenue was due to increase in GFA delivery of 12% to 4.71 million sq.m. In line with a significant recovery in gross margins in the first half of 2017, full year gross margins increased to 35.4% in 2017 versus 28.3% in 2016 as projects with higher profitability were recognized leading to a significant increase of gross profit to RMB20.96 billion, or up 38% versus the corresponding period in 2016. The Group's gross margin for property development of 37.6% is one of the highest amongst its peers and is testament to management's experience and expertise in land acquisition and cost control as it expands in scale whilst maintaining a high level of profitability. In line with increases in revenue and gross profit, net income achieved was also a record high of RMB21.42 billion, or 204% growth over 2016. Excluding a one-time extraordinary gain, the net income in 2017 was RMB8.32 billion, or 18% increase. The overall financial profitability of the Group in 2017 reflects a successful strategy of expansion and positive earnings growth based on a consistent strategy to increase returns to shareholders.

In 2017, the Group made significant investments in land bank that will unlock long-term value for shareholders. The Group acquired 18.11 million sq.m. of attributable saleable area with a relatively low acquisition cost of RMB3,200 per sq.m. spanning 53 cities and areas. The amount of land bank acquired was significant as it increased the Group's attributable land bank by 34% to 51.38 million sq.m. and lengthens the estimated development pipeline for at least a further four years. In terms of regional distribution, the land bank acquired continued to focus on diversifying exposure to a wider regional distribution in China to mitigate against fluctuations in regional markets and positions for growth potentials that emerge in varying cities over a long development time span. As land banking becomes more expensive to replenish, the value of the Group's existing land bank becomes indispensable. Industry trend in recent years has been creating joint ventures to increase the pace of scale, however, the Group's strategy is to take advantage of financial available to grow its land bank and consolidate development earning. Hence, the Group not only has amassed a sizeable land bank which is attributed to the Group but also largely paid up.

The outlook for 2018

Management remains optimistic about China's overall macroeconomic environment and political stability, ultimately continuing to benefit traditional key industries that underpin China's gross domestic product. China's property market has experienced many phases of development and cyclical fluctuations that have been heavily influenced by austerity measures and changes in financing conditions whereby developers have had to make strategic decisions to adapt over a relatively short period. However, the current China Central Government has taken a long-term view of China's property sector and have focused on policies that would create sustainable development of the sector rather than short-term objectives. Policies that were nationwide are now introduced city-by-city. Purchase restrictions that didn't differentiate amongst buyers are now distinguished by multiple purchases and different tier cities. Ultimately, by adopting a more rationale policy approach and encouraging end user buyers, China's property development is driven by real demand rather than market speculators. Similarly, by taking a long-term view of the direction of China's property sector, developers can focus on aligning the objectives of the Central Government rather than chase near term markets.

Significantly raised contracted sales target in 2018 by approximately 60% to above RMB130 billion

After achieving contracted sales growths of 12% and 35% in 2016 and 2017, respectively, the Group has set a more optimistic contracted sales target of no less than RMB130 billion for 2018. Having acquired 18.11 million sq.m. of land bank and accumulated an attributable GFA of 51.38 million sq.m. at the end of 2017, the Group is in a positon to plan its saleable resources in 2018 to achieve a significantly higher contracted sales target. The lower end of the contracted sales target of RMB130 billion represents an approximately 60% growth over 2017 achieved contracted sales. To derive to our contracted sales target, management has taken into account market conditions, number of projects, and available GFA resources available for sale. Management has adopted a long-term positive view of the direction of China's property sector and the contracted sales plan reflects their confidence in achieving this target. Current markets have also been very strong, and so by setting out a more aggressive sales target allows the Group to capture today's contracted sales to lock-in tomorrow's revenue.

Acknowledgements

The Group has made significant inroads to executing its strategy of increasing scale whilst returning to the core focus of maintaining a high level of profitability. In doing so, management has relied on the continued support of our shareholders and other investors to allow it to make decisions on their behalf. The recent periods of success have encouraged management to stay on its current path of strategic direction despite challenges and market volatility which may eventuate. As always, the success in execution is without the input of our Directors and I would like to express my sincere thanks to the Directors, whose experience and oversight have provided important guidance to the Group. Lastly, I would like to extend my sincere appreciation to all our dedicated staff in offices in China and overseas whom have been dedicated and committed in working towards our common goal. We have positioned 2018 as another milestone year of achievements and together with all our stakeholders and investor support, I look forward to another exciting year ahead.

CONSOLIDATED INCOME STATEMENT

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	Year ended 31 December **2017**	2016
Revenue	*2*	**59,277,855**	53,730,339
Cost of sales	*5*	**(38,315,554)**	(38,543,599)
Gross profit		**20,962,301**	15,186,740
Other income	*3*	**379,863**	328,987
Other gains – net	*4*	**945,185**	1,928,219
Selling and marketing costs	*5*	**(1,814,776)**	(1,315,362)
Administrative expenses	*5*	**(3,526,982)**	(2,672,863)
Gains on bargain purchase		**13,107,560**	–
Operating profit		**30,053,151**	13,455,721
Finance costs	*6*	**(1,672,979)**	(2,367,045)
Share of results of joint ventures		**(33,322)**	844,493
Share of results of associates		**128,170**	(64,329)
Profit before income tax		**28,475,020**	11,868,840
Income tax expenses	*7*	**(7,050,765)**	(4,812,823)
Profit for the year		**21,424,255**	7,056,017
Profit attributable to:			
– Owners of the Company		**21,186,451**	6,755,908
– Holders of perpetual capital instruments		**143,567**	273,943
– Non-controlling interests		**94,237**	26,166
		21,424,255	7,056,017
Basic and diluted earnings per share for profit attributable to owners of the Company (expressed in RMB Yuan per share)	*9*	**6.5748**	2.0997

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in RMB Yuan thousands unless otherwise stated)

	Year ended 31 December	
	2017	2016
Profit for the year	**21,424,255**	7,056,017
Other comprehensive (loss)/income		
Items that may be reclassified to profit or loss		
– Fair value (losses)/gains on available-for-sale financial assets, net of tax	**(136,860)**	48,743
– Currency translation differences	**21,024**	(4,792)
Other comprehensive (loss)/income for the year, net of tax	**(115,836)**	43,951
Total comprehensive income for the year	**21,308,419**	7,099,968
Total comprehensive income attributable to:		
– Owners of the Company	**21,070,615**	6,799,859
– Holders of perpetual capital instruments	**143,567**	273,943
– Non-controlling interests	**94,237**	26,166
	21,308,419	7,099,968

CONSOLIDATED BALANCE SHEET

(All amounts in RMB Yuan thousands unless otherwise stated)

	Notes	As at 31 December 2017	2016
ASSETS			
Non-current assets			
Land use rights		**9,173,164**	1,933,706
Property, plant and equipment		**34,234,093**	10,928,178
Investment properties		**24,814,323**	22,068,681
Intangible assets		**1,111,274**	1,079,572
Interests in joint ventures		**7,395,522**	6,795,392
Interests in associates		**229,515**	166,908
Deferred income tax assets		**6,417,490**	4,253,861
Available-for-sale financial assets		**527,650**	710,130
Trade and other receivables and prepayments	*10*	**526,289**	97,420
		84,429,320	48,033,848
Current assets			
Properties under development		**110,865,723**	81,134,542
Completed properties held for sale		**33,449,089**	26,783,018
Inventories		**419,056**	325,932
Trade and other receivables and prepayments	*10*	**33,058,064**	21,582,812
Tax prepayments		**3,672,939**	2,582,245
Restricted cash		**12,517,580**	20,663,067
Cash and cash equivalents		**19,697,169**	25,306,015
		213,679,620	178,377,631
Total assets		**298,108,940**	226,411,479

(All amounts in RMB Yuan thousands unless otherwise stated)

	Notes	As at 31 December 2017	2016
EQUITY			
Equity attributable to owners of the Company			
Share capital		**805,592**	805,592
Other reserves		**4,566,257**	4,679,469
Retained earnings		**56,160,504**	38,293,091
		61,532,353	43,778,152
Perpetual capital instruments		**2,404,327**	2,404,327
Non-controlling interests		**956,974**	653,718
Total equity		**64,893,654**	46,836,197
LIABILITIES			
Non-current liabilities			
Long-term borrowings		**113,829,411**	87,170,166
Deferred income tax liabilities		**6,720,368**	4,930,892
		120,549,779	92,101,058
Current liabilities			
Accruals and other payables	*11*	**39,439,990**	21,951,465
Deposits received on sale of properties		**29,058,143**	19,546,810
Current income tax liabilities		**15,752,952**	12,294,031
Short-term borrowings		**15,360,224**	10,631,230
Current portion of long-term borrowings		**13,054,198**	23,050,688
		112,665,507	87,474,224
Total liabilities		**233,215,286**	179,575,282
Total equity and liabilities		**298,108,940**	226,411,479

(All amounts in RMB Yuan thousands unless otherwise stated)

1. GENERAL INFORMATION

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

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

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

These financial statements are presented in RMB Yuan (RMB), unless otherwise stated.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(a) New and amended standards adopted by the Group

The following new and amended standards have been adopted by the Group for the first time for the financial year beginning on 1 January 2017.

Standards	**Subject of amendment**
Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealized Losses
Amendment to HKFRS 12	Annual Improvements for 2014-2016 Cycle

The amendments to HKAS 7 require disclosure of changes in liabilities arising from financing activities. The adoption of the remaining new and amended standards has no material impact on the Group's financial statements.

(All amounts in RMB Yuan thousands unless otherwise stated)

(b) New standards, amendments to existing standards and interpretations not yet adopted

Centain new accounting 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. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except those set out in Note (i), (ii) and (iii).

Standards	Subject	Effective for annual periods beginning on or after
HKFRS 15 (Note (i))	Revenue from Contracts with Customers	1 January 2018
HKFRS 9 (Note (ii))	Financial Instruments	1 January 2018
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendment to HKFRS 1	First Time Adoption of HKFRS	1 January 2018
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts	1 January 2018
Amendment to HKAS 28	Investments in Associates and Joint Ventures	1 January 2018
Amendment to HKAS 40	Transfers of Investment Property	1 January 2018
HK (IFRIC) 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
HKFRS 9 (Amendment)	Repayment Features with Negative Compensation	1 January 2019
HKAS 28 (Amendment)	Long-term Interests in an Associate or Joint Ventures	1 January 2019
HKFRS 16 (Note (iii))	Leases	1 January 2019
Annual Improvements to 2015-2017 Cycle	Improvements to HKFRSs	1 January 2019
HK (IFRIC) 23	Uncertainty over Income Tax Treatment	1 January 2019
HKFRS 17	Insurance Contracts	1 January 2021
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

(i) HKFRS 15, 'Revenue from contracts with customers'

Nature of change

The HKICPA has issued a new standard for the recognition of revenue. This 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.

Impact

Management has assessed the effects of applying the new standard on the Group's financial statements and has identified the following areas that will be affected

- Revenue from pre-sales of properties under development is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and laws that apply to the contract, control of the properties under development may transfer over time or at a point in time. Control of the properties under development is transferred over time if the Group's performance do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

  The progress towards complete satisfaction of the performance obligation is measured based on the property development costs incurred as a percentage of total estimated costs for complete satisfaction as allocated to the contract.

  Revenue for certain pre-sale properties contracts will be changed and recognized earlier over the period of time, instead of at a single point in time under the current accounting policy.

- The timing of revenue recognition for sale of completed properties, which is currently based on whether significant risk and reward of ownership of properties transfer, will be recognized at a later point in time when the underlying property is legally or physically transfer to the customer under the control transfer model.

- The Group currently offers different payment schemes to customers, the transaction price and the amount of revenue for the sale of property will be adjusted when significant financial component exists in that contract.

- The Group provides different incentives to customers when they sign a property sale contract. Certain incentives (e.g. free gift and property management service) represents separate performance obligation in a contract. Part of the consideration of the contract will be allocated to those performance obligations and recognised as revenue only when performance obligation is satisfied. The amount of revenue for the sale of property will also be reduced for any cash payment to customer which does not represent fair value of good or service provided by the customer.

- Certain costs incurred for obtaining a pre-sale property contract (e.g. sale commission), which is currently expense off in profit and loss directly, will be eligible for capitalisation under HKFRS 15 and match with revenue recognition pattern of related contract in the future.

Date of adoption by Group

The Group intends to adopt the standard on all uncompleted contracts as at 1 January 2018 using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated.

The Group is estimating the overall impact of the above on the Group's retained earnings on 1 January 2018.

(ii) HKFRS 9, 'Financial instruments'

Nature of change

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.

Impact

The Group has reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on 1 January 2018:

The majority of the Group's equity instruments that are currently classified as available-for-sale (AFS) will 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.

Accordingly, the Group does not expect the new guidance to affect the classification and measurement of these financial assets.

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 hedging accounting rules have no impact to the Group since the Group does not have any hedging relationships.

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 undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

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.

HKFRS 9 must be applied for financial years commencing on or after 1 January 2018. The Group will apply the new rules retrospectively from 1 January 2018, with the practical expedients permitted under the standard. Comparatives for 2017 will not be restated, except in relation to changes in the fair value of foreign exchange forward contracts attributable to forward points, which will be recognised in the costs of hedging reserve.

Date of adoption by Group

Must be applied for financial years commencing on or after 1 January 2018. The Group will apply the new rules retrospectively from 1 January 2018, with the practical expedients permitted under the standard. Comparatives for 2017 will not be restated.

(iii) HKFRS 16, 'Leases'

Nature of change

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

The accounting for lessors will not significantly change.

Impact

The standard will affect primarily the accounting for Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of RMB145,345,000. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

Date of adoption by Group

The new standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

There are no other HKFRSs or HK (IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

2. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Executive Directors. Management has determined the operating segments based on the information reviewed by the Executive Directors for the purpose of allocating resources and assessing performance.

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

The Executive Directors assess the performance of the operating segments based on a measure of profit for the year.

(All amounts in RMB Yuan thousands unless otherwise stated)

The segment information provided to the Executive Directors for the reportable segments for the year ended 31 December 2017 and the segment assets and liabilities at 31 December 2017 are as follows:

	Property development	**Property investment**	**Hotel operations**	**All other segments**	**Group**
Segment revenue	**53,709,393**	**1,109,665**	**2,432,081**	**2,949,021**	**60,200,160**
Inter-segment revenue	**–**	**(164,607)**	**(56,964)**	**(700,734)**	**(922,305)**
Revenue from external customers	**53,709,393**	**945,058**	**2,375,117**	**2,248,287**	**59,277,855**
Profit/(loss) for the year	**8,147,815**	**1,009,304**	**12,936,750**	**(669,614)**	**21,424,255**
Finance costs	**(1,215,506)**	**(219,555)**	**(184,030)**	**(53,888)**	**(1,672,979)**
Share of results of joint ventures	**(33,322)**	**–**	**–**	**–**	**(33,322)**
Share of results of associates	**128,577**	**–**	**–**	**(407)**	**128,170**
Income tax (expenses)/credits	**(6,977,911)**	**(334,034)**	**56,937**	**204,243**	**(7,050,765)**
Depreciation and amortisation	**(232,248)**	**–**	**(525,526)**	**(75,549)**	**(833,323)**
Gains on bargain purchase	**24,450**	**–**	**13,083,110**	**–**	**13,107,560**
Allowance for impairment losses of receivables	**(11,578)**	**–**	**(2,124)**	**200**	**(13,502)**
Fair value gains on investment properties – net of tax	**–**	**587,304**	**–**	**–**	**587,304**
Segment assets	**226,502,464**	**23,360,591**	**40,021,783**	**1,278,962**	**291,163,800**
Segment assets include:					
Interests in joint ventures	**7,395,522**	**–**	**–**	**–**	**7,395,522**
Interests in associates	**146,880**	**–**	**–**	**82,635**	**229,515**
Addition to non-current assets (other than financial instruments and deferred tax assets)	**774,049**	**1,964,970**	**30,606,386**	**88,978**	**33,434,383**
Segment liabilities	**65,966,881**	**–**	**2,424,804**	**106,448**	**68,498,133**

(All amounts in RMB Yuan thousands unless otherwise stated)

The segment information provided to the Executive Directors for the reportable segments for the year ended 31 December 2016 and the segment assets and liabilities at 31 December 2016 are as follows:

	Property development	**Property investment**	**Hotel operations**	**All other segments**	**Group**
Segment revenue	49,489,281	1,020,131	1,416,271	2,376,026	54,301,709
Inter-segment revenue	–	(102,217)	(54,298)	(414,855)	(571,370)
Revenue from external customers	49,489,281	917,914	1,361,973	1,961,171	53,730,339
Profit/(loss) for the year	6,058,429	1,729,715	(182,557)	(549,570)	7,056,017
Finance costs	(1,952,448)	(125,829)	(173,120)	(115,648)	(2,367,045)
Share of results of joint ventures	844,493	–	–	–	844,493
Share of results of associates	(62,613)	–	–	(1,716)	(64,329)
Income tax (expenses)/credits	(4,477,905)	(573,760)	60,852	177,990	(4,812,823)
Depreciation and amortisation	(216,897)	–	(318,204)	(86,857)	(621,958)
Allowance for impairment losses of receivables	(21,898)	–	(757)	(1,265)	(23,920)
Fair value gains on investment properties – net of tax	–	1,306,567	–	–	1,306,567
Segment assets	187,983,198	22,068,681	10,270,067	1,125,542	221,447,488
Segment assets include:					
Interests in joint ventures	6,795,392	–	–	–	6,795,392
Interests in associates	85,628	–	–	81,280	166,908
Addition to non-current assets (other than financial instruments and deferred tax assets)	1,380,249	1,075,918	381,496	177,918	3,015,581
Segment liabilities	40,272,496	–	347,936	877,843	41,498,275

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

The amounts provided to the Executive Directors with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment.

The Group's deferred income tax assets and available-for-sale financial assets are not considered to be segment assets but rather are managed on a central basis.

(All amounts in RMB Yuan thousands unless otherwise stated)

Reportable segments' assets are reconciled to total assets as follows:

	2017	2016
Segment assets for reportable segments	**291,163,800**	221,447,488
Deferred income tax assets	**6,417,490**	4,253,861
Available-for-sale financial assets	**527,650**	710,130
Total assets per balance sheet	**298,108,940**	226,411,479

The amounts provided to the Executive Directors with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

The Group's deferred and current income tax liabilities and borrowings are not considered to be segment liabilities but rather are managed on a central basis.

Reportable segments' liabilities are reconciled to total liabilities as follows:

	2017	2016
Segment liabilities for reportable segments	**68,498,133**	41,498,275
Deferred income tax liabilities	**6,720,368**	4,930,892
Current income tax liabilities	**15,752,952**	12,294,031
Short-term borrowings and current portion of long-term borrowings	**28,414,422**	33,681,918
Long-term borrowings	**113,829,411**	87,170,166
Total liabilities per balance sheet	**233,215,286**	179,575,282

Entity-wide information

Revenue from external customers by country, based on the destination of the customer:

	2017	2016
PRC	**57,568,651**	53,715,049
Other countries	**1,709,204**	15,290
Total	**59,277,855**	53,730,339

Revenues from the individual countries included in "other countries" are not material. There was no revenue derived from a single external customer accounting for 10% or more of the Group's revenues for the year ended 31 December 2017 (2016: Nil).

(All amounts in RMB Yuan thousands unless otherwise stated)

Non-current assets, other than financial instruments and deferred income tax assets (there are no employment benefit assets and rights arising under insurance contracts), by country:

	2017	2016
PRC	**77,464,550**	43,061,080
Other countries	**19,630**	8,777
Total	**77,484,180**	43,069,857

Non-current assets in the individual countries included in "other countries" are not material.

3. OTHER INCOME

	2017	2016
Interest income	**198,856**	194,894
Other operating income	**170,774**	116,462
Dividends received on available-for-sale financial assets	**10,233**	17,631
	379,863	328,987

4. OTHER GAINS – NET

	2017	2016
Fair value gains on investment properties – net	**780,672**	1,740,812
Gains on disposals of intangible assets	**54,355**	90,107
(Losses)/gains on disposals of property, plant and equipment	**(1,247)**	24,175
Gains on disposals of land use rights	**25,679**	–
Losses on disposals of an associate	**(13,459)**	–
Others	**99,185**	73,125
	945,185	1,928,219

(All amounts in RMB Yuan thousands unless otherwise stated)

5. EXPENSES BY NATURE

Expenses by nature comprising cost of sales, selling and marketing costs and administrative expenses are analysed as follows:

	2017	2016
Cost of completed properties sold	**36,711,351**	36,177,776
Employee benefit expenses	**2,242,624**	1,538,257
Business taxes and other levies	**1,007,077**	1,957,687
Depreciation	**694,461**	498,490
Advertising costs	**224,028**	252,256
Office expenses	**201,239**	142,005
Amortisation of land use rights and intangible assets	**138,862**	123,468
Operating lease payments	**45,089**	22,597
Allowance for doubtful debts	**13,502**	23,920
Auditors' remuneration	**10,729**	7,522
–Audit services	**6,210**	6,570
–Non-audit services	**4,519**	952
Others	**2,368,350**	1,787,846
	43,657,312	42,531,824

6. FINANCE COSTS

	2017	2016
Interest expenses:		
–bank borrowings	**2,742,532**	2,278,361
–domestic bonds	**2,463,693**	1,637,428
–medium-term notes	**64,163**	–
–senior notes	**464,876**	1,117,780
–other borrowings	**1,150,472**	1,585,401
–finance lease liabilities	**13,069**	6,867
	6,898,805	6,625,837
Accrued early redemption premium for senior notes	**–**	476,918
Net foreign exchange (gains)/losses	**(1,172,053)**	613,794
Less: finance costs capitalised	**(4,053,773)**	(5,349,504)
	1,672,979	2,367,045

(All amounts in RMB Yuan thousands unless otherwise stated)

7. INCOME TAX EXPENSES

	2017	2016
Current income tax		
– PRC enterprise income tax *(Note (b))*	**3,566,217**	2,833,727
Deferred income tax	**(337,102)**	(256,988)
	3,229,115	2,576,739
Current PRC land appreciation tax *(Note (c))*	**3,821,650**	2,236,084
Total income tax expenses	**7,050,765**	4,812,823

(a) Hong Kong profits tax

No Hong Kong profits tax has been provided as the Group did not have estimated assessable profit for the year (2016: Nil).

(b) PRC enterprise income tax

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

In respect of the applicable income tax rates for the year ended 31 December 2017, all of the companies in the Group were primarily taxed at 25% (2016: 25%) on their profits.

(c) PRC land appreciation tax

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

8. DIVIDENDS

The dividends declared in 2017 were RMB3,319,038,000 (2016: RMB3,866,840,000). A dividend in respect of the year ended 31 December 2017 of RMB0.77 per ordinary share, amounting to a total dividend of RMB2,481,223,000, is to be proposed at the annual general meeting on 30 May 2018. These financial statements do not reflect this dividend payable.

	2017	2016
Interim dividend declared of RMB0.33 (2016: RMB0.30) per ordinary share	**1,063,381**	966,710
Proposed final dividend of RMB0.77 (2016: RMB0.70) per ordinary share	**2,481,223**	2,255,657
	3,544,604	3,222,367

9. BASIC AND DILUTED EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year less shares held for Share Award Scheme.

	2017	2016
Profit attributable to owners of the Company	**21,186,451**	6,755,908
Weighted average number of ordinary shares in issue less shares held for Share Award Scheme (thousands)	**3,222,367**	3,217,624
Earnings per share (RMB per share)	**6.5748**	2.0997

There were no potential dilutive ordinary shares as at 31 December 2017 and 2016.

10. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2017	2016
Trade receivables-net *(Note (a))*	**7,921,310**	7,175,084
Other receivables-net	**16,006,437**	11,747,174
Prepayments	**5,452,544**	1,662,690
Due from joint ventures	**3,994,073**	1,053,003
Due from associates	**209,989**	42,281
Total	**33,584,353**	21,680,232
Less: non-current portion	**(526,289)**	(97,420)
Current portion	**33,058,064**	21,582,812

The carrying amounts of trade and other receivables approximate their fair values.

(a) Trade receivables

	2017	2016
Trade receivables – current portion	**7,952,738**	7,209,024
Less: allowance for impairment	**(31,428)**	(33,940)
	7,921,310	7,175,084
Trade receivables – non-current portion	**–**	–
	7,921,310	7,175,084

(All amounts in RMB Yuan thousands unless otherwise stated)

Trade receivables in respect of sale of properties are settled in accordance with the terms stipulated in the sale and purchase agreements. Generally, purchasers of residential properties are required to settle the balances within 90 days as specified in the sale and purchase agreements. Purchasers of certain office and commercial units are required to settle the outstanding balances within 12 months as specified in the sale and purchase agreements. The ageing analysis of trade receivables is as follows:

	2017	2016
Up to 1 year	**6,820,238**	6,180,202
1 year to 2 years	**454,870**	391,554
2 years to 3 years	**165,370**	511,180
over 3 years	**512,260**	126,088
	7,952,738	7,209,024

11. ACCRUALS AND OTHER PAYABLES

	2017	2016
Amounts due to joint ventures *(Note (a))*	**4,615,028**	2,269,574
Amounts due to associates *(Note (a))*	**160,276**	491,718
Construction payables *(Note (b))*	**14,566,401**	10,294,391
Other payables and accrued charges *(Note (c))*	**20,098,285**	8,895,782
	39,439,990	21,951,465

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

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

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

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

BUSINESS REVIEW

Contracted sales

The Group generated contracted sales of RMB81.9 billion in 2017, increased 35% year-on-year. The contracted sales were derived from 88 projects in aggregate in 31 cities and regions across three main regions of China (Northern China, Southern China and Hainan), along with three overseas cities in Johor Bahru, Malaysia, Brisbane, Australia and Melbourne, Australia. On a regional basis, contracted sales for Southern China, increased by 35% to RMB26.156 billion, contracted sales for Northern China increased by 32% to RMB47.301 billion, while that for Hainan increased by 19% to RMB4.919 billion. At the city level, contracted sales for Taiyuan and Tianjin were the highest of all cities at RMB7.036 billion and RMB5.647 billion respectively, accounting for approximately 9% and 7% of our total sales in 2017. The combined contracted sales for these two cities accounted for approximately 15% of the Group's total contracted sales. In 2017, the Group launched, in total, 26 new projects in 18 cities in China, accounting for 20% of total contracted sales of the Group. Total contracted sales of the Group in terms of GFA increased by 35% to 6,324,200 sq.m. from 4,693,500 sq.m., and the average selling price in 2017 was RMB12,900 per sq.m., substantially in line with RMB13,000 per sq.m. in 2016.

Details of the Group's 2017 contracted sales by geographical distribution are set out below:

Location	**Approximate attributable saleable area sold** *(sq.m.)*	**+/– % vs. 2016** *(%)*	**Approximate attributable total value** *(RMB million)*	**+/– % vs. 2016** *(%)*
Guangzhou	227,900	-15%	5,313.3	-15%
Huizhou	469,800	24%	4,871.9	35%
Chongqing	372,300	21%	2,849.4	68%
Chengdu	124,100	22%	999.9	58%
Fuzhou and vicinity	224,100	10%	3,250.0	9%
Meizhou	334,800	6%	2,099.1	29%
Guiyang	109,000	143%	999.7	135%
Foshan	130,900	185%	2,289.2	253%
Nanning	43,900	89%	538.3	124%
Zhuhai and vicinity	116,700	212%	1,895.6	73%
Changsha and vicinity	69,700	545%	653.5	707%
Nanchang	36,200	N/A	395.9	N/A
Southern Region	**2,259,400**	**30%**	**26,155.8**	**35%**

Location	Approximate attributable saleable area sold *(sq.m.)*	+/– % vs. 2016 *(%)*	Approximate attributable total value *(RMB million)*	+/– % vs. 2016 *(%)*
Beijing and vicinity	98,400	-72%	4,391.4	-43%
Tianjin	349,700	-15%	5,647.3	-22%
Taiyuan	662,600	122%	7,035.8	143%
Xian	141,400	236%	1,241.7	295%
Shenyang and vicinity	99,900	22%	771.9	36%
Harbin	213,100	119%	2,925.2	134%
Shanghai and vicinity	102,700	-33%	3,665.1	-18%
Hangzhou and vicinity	312,700	6%	5,237.1	35%
Nanjing and vicinity	250,400	79%	2,210.4	-2%
Wuxi and vicinity	303,500	20%	4,495.6	75%
Datong	250,400	145%	1,388.8	174%
Baotou	202,400	8%	1,624.9	29%
Zhengzhou	65,200	-26%	783.6	-21%
Shijiazhuang	77,100	N/A	1,152.3	N/A
Yantai and vicinity	125,100	N/A	1,021.5	N/A
Qinhuangdao	52,100	N/A	531.9	N/A
Ningbo	117,900	N/A	1,938.1	N/A
Huhhot	152,800	N/A	1,237.9	N/A
Northern Region	**3,577,400**	**43%**	**47,300.5**	**32%**
Hainan	**328,800**	**-14%**	**4,918.6**	**19%**
Johor Bahru, Malaysia	**148,500**	**206%**	**3,028.4**	**297%**
Brisbane, Australia	**8,700**	**-53%**	**407.6**	**-48%**
Melbourne, Australia	**1,400**	**N/A**	**51.8**	**N/A**
Total	**6,324,200**	**35%**	**81,862.7**	**35%**

Projects under development

In response to changing market conditions, the Group was flexible in its approach to managing its properties under development during the year, aiming to ensure efficient deployment of its resources and to avoid accumulating excessive inventories. The Group started the year with approximately 12,750,000 sq.m. of GFA under development, and during the year started construction of approximately 11,738,000 sq.m. GFA. During the year, the Group completed 6,633,000 sq.m. GFA of development properties with 5,070,000 sq.m. of saleable area, and completed 143,000 sq.m. attributable GFA of investment properties. By the end of 2017, the Group's GFA under development had increased by 39% to approximately 17,712,000 sq.m. This GFA of properties under development at year-end together with further planned construction newly starts in 2018, is expected to make available pre-sale permits for properties with an approximate value of RMB240 billion, which should provide a solid basis for meeting the Group's sales target for 2018.

The following is the position as at 31 December 2017:

Location	Approximate attributable GFA *(sq.m.)*	Approximate attributable saleable area *(sq.m.)*
Southern China	4,840,000	3,974,000
Central Southern China	1,181,000	916,000
Eastern China	3,374,000	2,368,000
Northern China	4,067,000	2,933,000
Northwestern China	2,608,000	1,743,000
Hainan	761,000	662,000
Overseas	881,000	526,000
Total	**17,712,000**	**13,122,000**

Land bank

In 2017, the Group continued to apply the same conservative and balanced criteria as its general direction towards land acquisitions. The general principles on land assessment of the Group during the year were total price being reasonable, fulfillment of profit forecast and quickness of turnover. The Group acquired 81 plots of land in 53 cities and regions with additional saleable area of approximately 18,112,000 sq.m. in 2017, 41 out of the 81 plots of land are located in the cities and regions where the Group currently has operations and 40 out the 81 plots of land are located in the 28 cities where we have newly established business presence. The Group's total land bank at year-end was attributable GFA of approximately 59,715,000 sq.m. and attributable saleable area 51,380,000 sq.m., distributed across 69 cities and regions in China and overseas cities. Details are given below:

Location	Approximate attributable GFA *(sq.m.)*	Approximate attributable saleable area *(sq.m.)*
Development Properties		
Southern China	13,413,000	12,074,000
Central Southern China	6,044,000	5,589,000
Eastern China	7,116,000	5,803,000
Northern China	13,307,000	11,702,000
Northwestern China	8,732,000	7,752,000
Hainan	3,171,000	3,056,000
Overseas	5,923,000	3,618,000
Sub-total	**57,706,000**	**49,594,000**
Investment Properties	**2,009,000**	**1,786,000**
Total	**59,715,000**	**51,380,000**

Investment Properties

During the year, 2 new investment properties were added to the portfolio, including the shopping mall Guangzhou International Grand City and Dalian Wanda Commercial Center. Guangzhou International Grand City was officially launched in 2017. The project is located in Pearl River New Town in Guangzhou, closely connected with Liede Avenue, Flower City Avenue as well as Linjiang Avenue. Total GFA of the shopping mall is over 100,000 sq.m., with various property types including restaurant, retail, children and entertainment facilities etc., which brings one-stop shopping experience to the customers. Dalian Wanda Commercial Center is an office building which was part of the Wanda Hotels asset acquisition. The project is located in Donggang CBD in Zhongshan District, Dalian City, closely connected with Dalian International Conference Center and Dalian Port, and it is in the prime location. The office building has a total GFA of over 90,000 sq.m. and was completed in 2012. And there are another 1,093,000 sq.m. of investment properties under development.

Hotels

During the year, there were 4 brand new hotels launched including Conrad Guangzhou, Hilton Huizhou Longmen Resort, Chengdu Tianfu Square Serviced Suites Lanson Place, Hainan Xiangshui Bay Atour Hotel. Also, the Group further expanded its hotel business through entering purchase agreement of Wanda Hotels; the transactions of 69 hotels were completed by the end of 2017, another one hotel was transferred at early January 2018. As of the beginning of January 2018, the transactions of total 70 hotels were completed, acquired total GFA 2,940,000 sq.m. with 20,849 hotel rooms. After the deal, together with the existing hotels under operation, the Group became the largest deluxe hotel owner globally with 88 hotels under operation, 9 hotels under development and 8 hotels under planning, totally 105 hotels.

Outlook

For 2018, the Group's contracted sales target has been set at RMB130 billion, approximately 60% more than its actual contracted sales for 2017. This target will be achieved from sales of 154 projects in 66 cities and regions, which will deliver 6,937,000 sq.m. saleable area of development properties (including 425,000 sq.m. from joint ventures) and 843,000 sq.m. of investment properties. The details are set out below:

Location	To be completed in 1st half of 2018		To be completed in 2nd half of 2018	
	Approximate GFA *(sq.m.)*	**Approximate saleable area** *(sq.m.)*	**Approximate GFA** *(sq.m.)*	**Approximate saleable area** *(sq.m.)*
Guangzhou	157,000	43,000	33,000	33,000
Foshan	156,000	102,000	89,000	71,000
Zhuhai	–	–	184,000	161,000
Jiangmen	–	–	287,000	173,000
Huizhou	283,000	252,000	344,000	300,000
Chengdu	100,000	76,000	–	–
Chongqing	219,000	168,000	190,000	170,000
Xiangtan	78,000	78,000	81,000	73,000
Meizhou	328,000	226,000	140,000	112,000
Guiyang	–	–	75,000	43,000
Fuzhou	110,000	89,000	–	–
Putian	290,000	232,000	–	–
Zhangzhou	–	–	23,000	23,000
Nanchang	–	–	66,000	53,000
Hainan	57,000	47,000	571,000	503,000
Beijing and vicinity	252,000	161,000	–	–
Qinhuangdao	–	–	110,000	80,000
Tangshan	–	–	73,000	51,000
Shijiazhuang	–	–	134,000	110,000
Tianjin	86,000	71,000	202,000	156,000
Yantai	6,000	6,000	56,000	55,000
Taiyuan	–	–	611,000	569,000
Datong	–	–	121,000	115,000
Baotou	160,000	155,000	242,000	232,000
Xian	73,000	51,000	364,000	27,000
Shanghai	288,000	168,000	–	–
Chuzhou	112,000	88,000	202,000	192,000
Ningbo	306,000	202,000	–	–
Huzhou	173,000	139,000	294,000	222,000
Wuxi	171,000	128,000	118,000	78,000
Nantong	43,000	35,000	64,000	40,000

Location	To be completed in 1st half of 2018 Approximate GFA (sq.m.)	Approximate saleable area (sq.m.)	To be completed in 2nd half of 2018 Approximate GFA (sq.m.)	Approximate saleable area (sq.m.)
Harbin	–	–	178,000	131,000
Anshan	–	–	62,000	53,000
Melbourne, Australia	–	–	2,000	1,000
Johor Bahru, Malaysia	–	–	197,000	168,000
Sub-total	**3,448,000**	**2,517,000**	**5,113,000**	**3,995,000**
JV (Attributable)	606,000	307,000	142,000	118,000
Investment Properties (Attributable)	73,000	73,000	770,000	770,000
Total	**4,127,000**	**2,897,000**	**6,025,000**	**4,883,000**

FINANCIAL REVIEW

The Group's profit for the year increased by 204% to RMB21.424 billion, from RMB7.056 billion the previous year. Revenue from property development increased by 9% to RMB53.709 billion in 2017 from RMB49.489 billion in 2016 and profit from property development increased by 34% to RMB8.148 billion in 2017 from RMB6.058 billion in 2016. During the year, due to the acquisition of business, the Group had incurred gains on bargain purchase of RMB13.108 billion. Rental income increased 3% and brought profit for the property investment segment to RMB422 million not taking into account the fair value gains from investment properties of RMB781 million (2016: RMB1.741 billion). The hotel operations recorded a loss of RMB146 million excluding the gain on bargain purchase from the acquisition of the hotel assets as compared to net loss of RMB183 million the prior year. The Group's other business segments (including construction services and the soccer team) recorded a loss of RMB670 million as compared with a loss of RMB550 million the previous year.

The Group generated revenue from property development in 24 cities. The following comments, with the exception of #7 (on finance costs) and #9 (on net profits), relate only to the results from sales of properties:

1. Revenue increased by 9% to RMB53.709 billion, from RMB49.489 billion in the previous year. This revenue was based on delivery of 4,710,000 sq.m. of sale properties in the year which was approximately 12% more than the 4,209,000 sq.m. delivered the previous year. Overall average selling price stable at around RMB11,400 per sq.m.. Eight out of eleven significant projects (with revenue not less than RMB1.5 billion) having comparable selling prices in prior year registered increase in average selling price. These projects which accounted for 35% of total revenue included R&F Yuexi in Guangzhou, R&F New Town and Tongzhou R&F Centre in Beijing, R&F Bay Shore in Huizhou, R&F City in Meizhou, R&F Mangrove Bay in Hainan, R&F City in Taiyuan and R&F City in Chongqing and had average selling price increased between 8% to 26% from the previous year. The three significant projects with selling price decrease was R&F Bay Shore in Hainan, R&F Hongqiao No. 10 in Shanghai and R&F Prosperous Palace in Taiyuan which accounted for 11% of total revenue and had a decrease of 5% to 39% in average selling price. New projects accounted for approximately 15% of total revenue. These included one residential project, R&F Princess Cove in Malaysia and one commercial project, R&F Center in Zhuhai, which together contributed RMB3.905 billion in revenue at an average selling price of RMB18,570 per sq.m.. For revenue by city, Beijing had the highest revenue of RMB8.005 billion (2016: RMB8.572 billion) and followed by Guangzhou and Hainan each accounting for 15%, 10% and 9% (2016: 17%, 12% and 4%) of total revenue respectively. Revenue in Beijing remained high. The two projects, R&F New Town and Tongzhou R&F Centre, delivered 454,200 sq.m. at an average selling price of RMB16,170 per sq.m. and generated RMB7.343 billion in revenue. Revenue of Guangzhou for the year decreased by 9% to RMB5.249 billion (2016: RMB5.789 billion). The two new projects, Guangzhou R&F Jinyu Garden and R&F Vanke Yunqi and one continuing project, R&F Yuexi, delivered 117,500 sq.m. at an average selling price of RMB21,510 sq.m. and generated RMB2.528 billion in revenue. Revenue of Hainan increased by 131% to RMB4.795 billion (2016: 2.072 billion) due to RMB4.255 billion in revenue from the two continuing projects R&F Bay Shore and R&F Mangrove Bay. Aside from the three cities mentioned above, Taiyuan, Hangzhou, Huizhou and Shanghai had revenue exceeding RMB3 billion. In Taiyuan's case, it was due to the delivery of two flagship projects, R&F City and R&F Prosperous Palace and one new project R&F Shangyue Court delivered 519,200 sq.m. at an average selling price of RMB8,640 per sq.m. and generated RMB4.486 billion in revenue. In Hangzhou's case, it was mainly due to the delivery of one new project, Hangzhou R&F Xinxian Park and two continuing projects R&F No. 10 and Huzhou R&F City. Huizhou's revenue was RMB3.742 billion which was mainly attributable to two continuing projects, R&F Bay Shore and R&F Hot Spring Valley. Shanghai's revenue was RMB3.152 billion which was mainly coming from one flagship project, R&F Hongqiao No. 10. Zhuhai and Tianjin with revenue exceeding RMB2 billion, Zhuhai's revenue came from its new project R&F Center and Tianjin's revenue mainly came from it two continuing projects R&F Jinmen Lake and R&F New Town.

2. Overall cost of sales and costs of land and construction per sq.m. decreased 14% and 12% respectively to RMB7,120 per sq.m. and RMB6,220 per sq.m. (2016: RMB8,250 per sq.m. and RMB7,080 per sq.m.) with the change in sale mix. The range for land and construction cost per sq.m of individual project ranged from RMB23,300 to RMB2,900. At the high end of the range were residential projects in Hangzhou, Beijing, Guangzhou and Shanghai that typically carried higher land and construction costs. In the low end of the range were residential projects in tier 2 or 3 cities. The top three in revenue cities in the year Beijing, Guangzhou and Hainan both carried land and construction cost per sq.m. of total average RMB7,790 and due to its weight in the total revenue, had significant effect on overall per sq.m. land and construction cost. In the year under review, land and construction costs accounted for 87% (2016: 86%), levy and business tax 3% (2016: 5%) and capitalized interest 10% (2016: 9%). Capitalized interest included in the cost of sales and also as a percentage of revenue stabled at RMB3.385 billion and 6.3% from 2016's RMB3.180 billion and 6.4% respectively. The cost of sales also included RMB847 million (2016: RMB1.778 billion) in levy and business tax.

3. As described above, with the cost of sales per sq.m. decreased by 14% and a stable average selling price, the overall gross margin rose accordingly by 7.8 percentage point to 37.6% from 29.8% in the previous year. Analysing based on the gross margin by city, gross margin of the key cities including Beijing, Guangzhou and Hainan were 44.7%, 52.0% and 33.5% respectively as compared to 36.0%, 32.5% and 26.6% the prior year. The gross margins of the Taiyuan, Hangzhou, Huizhou, Shanghai, Zhuhai and Tianjin were 28.3%, 40.8%, 47.6%, 28.9%, 59.0% and 53.2% respectively.

4. Other income mainly arose from interest income.

5. Selling and administrative expenses as a percentage of revenue increased to 8.2% from 6.9% in the previous year due to increase in selling and administration expenses for the year of RMB995 million or 29%. Broken down into its two components, selling expenses increased by RMB482 million to RMB1.725 billion and administrative expenses increased by RMB512 million to RMB2.660 billion. Selling expenses increased mainly due to the number of sales projects in the year further increased to 88 from 65 in the last year. The main component of administrative expenses was personnel costs which increased by RMB369 million for reasons including, among others, that the Group now operates in 69 cities including 6 overseas cities and further strengthening of functional departments.

6. The share of result of associated companies was mainly derived from the Group's 45% share in the Henan Jian Ye project. The share of results of joint ventures were mainly 33.34% in the Guangzhou Liedecun project, 25% interest in Tianjin Jinnan New Town project, 50% in Hines Shanghai New Jiangwan project, 60% interests in Guizhou Da Xi Nan project, 50% interests in Nanning Fuya Business Park project and 50% interests in Guangzhou Senhua project. These seven projects mentioned had a combined revenue in the year of RMB8.378 billion.

7. Finance costs being interest expenses incurred in the year after deduction of amounts capitalized to development costs, decreased by 29% to RMB1.673 billion (2016: RMB2.367 billion) mainly coming from an exchange gain of RMB1.172 billion due to the appreciation of both the exchange rate of RMB to US dollars and Malaysian Ringgit to US dollars. Total interest incurred in the year increased from RMB6.626 billion in the prior year to RMB6.899 billion with outstanding loans at the year-end of approximately RMB142.2 billion (2016: RMB120.9 billion) and an average interest rate of 5.12% (2016: 6.25%).Aggregate interest costs included in this year's results amounted to RMB5.125 billion (2016: RMB5.547 billion) counting also capitalized interest released to cost of sales of RMB3.452 billion (2016: RMB3.180 billion).

8. Land appreciation tax (LAT) of RMB3.822 billion (2016: RMB2.236 billion) and Enterprise Income Tax of RMB3.156 billion (2016: RMB2.242 billion) brought the Group's total income tax expenses for the year to RMB6.978 billion. As a percentage of turnover, LAT increased to 7.1% from 4.5% in 2016. This increase was due to the fact that gross profit margins of projects in the year were higher and thus attracting LAT at a high tax rate. The effective enterprise income tax rate was 27.9% (2016: 27.0%), deviating from the standard rate by 2.9% because of permanent differences limiting the tax deductible amount.

9. Overall, the Group's profit margin for the year, not taking into account the gains on bargain purchase of the assets of RMB13.108 billion, was 14.0%, as compared to 13.1% in the previous year reflecting the change in gross margin from property development.

Financial resources, liquidity and liabilities

At 31 December 2017, the Group's cash amounted to RMB32.21 billion of which RMB28.54 billion was in Renminbi, RMB2.82 billion was in US dollar, RMB124 million was in Malaysian Ringgit, RMB230 million was in Hong Kong dollar, RMB67 million was in Australian dollar, RMB433 million in British pound, RMB2.48 million in Korean won, RMB0.64 million was in Singapore dollar and RMB2,000 was in Macau dollar and with total borrowings at RMB142.24 billion of which RMB113.63 billion was in Renminbi, RMB25.82 billion was in US dollar, RMB1.70 billion in Hong Kong dollar, RMB580 million was in Australian dollar and RMB510 million in British pound. Net debt to total equity ratio was at 170%. The total borrowings were made up of financing from sources which included 1) bank loans, 2) offshore USD senior notes, 3) domestic bonds and medium-term notes and 4) trust loans and others each accounted for 42.8%, 9.1%, 35.8% and 12.3% respectively. The Group has secured from various relationship banks uncommitted credit facilities of which approximately RMB121.1 billion (2016: RMB88.03 billion) was unutilised. Such credit facilities indicate that the banks are prepared to lend to the Group up to the limit of the facilities when certain conditions are met such as the production of suitable projects and specified documents e.g. construction permits.

The Group has also available to it perpetual capital instruments amounted to RMB2.404 billion in the year ended.

Debt Profile

In January 2017, the Group issued a USD 725 million senior note with 5 year maturity at a fixed interest rate of 5.75%. In April 2017, the Group issued a RMB1.0 billion domestic medium term note with 3 year maturity at a fixed interest rate of 5.25%. In July 2017, the Group issued a RMB1.0 billion domestic medium term note with 3 year maturity at a fixed interest rate of 5.5%. In October 2017, the Group issued a USD 800 million senior note with 1 year maturity at a fixed interest rate of 5.25%. In November 2017, the Group issued a USD 500 million senior note due February 2023 at a fixed interest rate of 5.875%. The maturity profile of the Group's total borrowings was well balanced between short, medium and long term debt. Debts due within 1 year accounted for 20% of total debts. Bank loans repaid in the year amounted to RMB23.03 billion while new bank loans of RMB37.73 billion were procured. The effective interest rate of the total bank loan portfolio at 31 December 2017 was 4.51% (2016: 5.52%). Exchange rate exposure was insignificant as non-RMB borrowings accounted for approximately 20% of total borrowings. Therefore, the Group has not entered into any foreign exchange hedging transactions. As for interest rate, RMB bank loans were at normally stable floating interest rates benchmarked to rates published by the People's Bank of China. The fixed rate offshore USD bonds, domestic bonds and medium-term notes further reduced interest rate exposure, therefore no interest rate hedging arrangements had been put in place. Overall, the Group has not used any financial instruments for hedging purposes.

Material Acquisition

Pursuant to an agreement dated 19 July 2017 and supplemental agreements dated 20 October 2017 and 23 November 2017 entered into between the Company and Dalian Wanda Commercial Properties Co., Ltd. ("Dalian Wanda"), the Company agreed to acquire, and Dalian Wanda agreed to dispose of, entire interests in 73 hotels and Dalian Wanda Commercial Center at a total consideration of RMB18,955,280,000.

During the year ended 31 December 2017, the Company has completed the acquisition of 69 hotels and Dalian Wanda Commercial Center. The consideration for the acquisition completed in 2017 was RMB17,676,550,000.

Save as disclosed above, there were no material acquisitions for the year ended 31 December 2017.

OTHER INFORMATION

Employee and Emolument Policies

As of 31 December 2017, the Group had approximately 49,239 employees (31 December 2016: 20,867). The increase in number of employees was mainly due to the acquisition of the Wanda Hotels. The total staff costs incurred were approximately RMB2.243 billion during the financial year ended 31 December 2017. The Company's emolument policy is to ensure that the remuneration offered to employees including executive directors and senior management is based on skill, knowledge, responsibilities and involvement in the Company's business affair. The remuneration of executive directors is also linked with business performance and profitability of the Company and the market conditions. Director and senior management would not be involved in deciding their own remuneration.

Annual General Meeting, Final Dividend and Closure of Register of Members

The 2017 annual general meeting ("AGM") of the Company will be held on Wednesday, 30 May 2018 and the notice of AGM will be published and dispatched in the manner as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

For the purpose of determining shareholders who are entitled to attend and vote at the AGM to be held on Wednesday, 30 May 2018, the register of members of the Company will be closed from Monday, 30 April 2018 to Wednesday, 30 May 2018, both days inclusive. In order for the shareholders to qualify for attending and voting at the AGM, all the share transfer documents should be lodged for registration with the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Friday, 27 April 2018.

The Board has proposed a final dividend for 2017 of RMB0.77 per share. The proposed final dividend, if approved by the shareholders at the AGM on 30 May 2018, will be paid to shareholders (including domestic shares and H shares) whose names appear on the register of members of the Company as at the close of business on Monday, 11 June 2018. The proposed final dividend has not been reflected in the financial statements as at 31 December 2017. Dividends on H shares are also subject to PRC withholding tax.

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

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

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

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

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

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

Upon obtaining approval of the shareholders at the forthcoming AGM, the final dividends will be payable to shareholders whose names appear on the register of members of the Company as at the close of business on Monday, 11 June 2018. The payment date of the final dividend will be further announced. The H share register of members of the Company will be closed from Tuesday, 5 June 2018 to Monday, 11 June 2018, both days inclusive, during which period no transfer of H shares will be registered. In order for H shareholders to qualify for the proposed final dividends, all the share transfer documents must be lodged with the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Monday, 4 June 2018.

Purchase, Redemption or Sale of Listed Securities of the Company

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

Compliance with the Model Code for Securities Transactions by Directors and Supervisors of the Company

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") laid out in Appendix 10 to the Listing Rules as the code of conduct for directors and supervisors in any dealings in the Company's securities. The Company has made specific enquiries of each director and supervisor, each of whom has confirmed their compliance with the Model Code during the financial year ended 31 December 2017.

Compliance with the Corporate Governance Code and Corporate Governance Report

The Company is committed to good corporate governance practices, believing that they enhance shareholder value. The corporate governance practices adopted by the Company place a focus on maintaining a high-quality board, effective internal controls, a high level of transparency and full accountability to shareholders. Throughout the year ended 31 December 2017, the Company complied with all relevant laws and the code provisions of the Corporate Governance Code and Corporate Governance Report (the "Code") as set out in Appendix 14 of the Listing Rules, save for the deviation on Code E.1.2. Mr. Lai Ming, Joseph, the chairman of the audit committee of the Company at that time, was unable to attend the Company's annual general meeting held on 19 May 2017 as he had other important business engagement.

Audit Committee

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

The audit committee currently comprises Mr. Wong Chun Bong (chairman of the audit committee) and Mr. Zheng Ercheng who are independent non-executive directors of the Company and Ms. Li Helen who is a non-executive director of the Company. The audit committee has reviewed the annual results of the Company for the year ended 31 December 2017.

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

Hong Kong, 19 March 2018

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

* *For identification purpose only*