中國海外宏洋集團有限公司
CHINA OVERSEAS GRAND OCEANS GROUP LTD.

(incorporated in Hong Kong with limited liability)

(Stock Code: 00081)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

FINANCIAL HIGHLIGHTS

1. The contracted property sales of the Group and its associates and joint ventures for the year increased to HK$37,068.3 million (2016: HK$24,003.9 million), representing an increase of 54.4% against last year, which corresponded to an aggregated sold area of 3,411,900 sq.m. (2016: 2,673,800 sq.m.).

2. For the year ended 31 December 2017, the Group recorded revenue of HK$20,277.8 million, 18.6% increase comparing with last year. Gross profit and margin for the year were HK$4,068.5 million and 20.1% respectively, comparing with HK$2,935.0 million and 17.2% respectively in last year.

3. Operating profit for the year amounted to HK$3,167.4 million, representing an increase of 48.5% against last year. Profit attributable to owners of the Company was HK$1,271.4 million, 41.2% higher than last year. Basic earnings per share were HK55.7 cents (2016: HK39.4 cents).

4. The Group entered into a new city, Xining, in Qinghai province. Together with other new land pieces, the Group acquired a total of ten parcels of land in Hefei, Yancheng, Xining, Yinchuan, Changzhou, Yangzhou, Xuzhou and Ganzhou with total development area of 2,508,047 sq.m. (attributable to the Group: 2,508,047 sq.m.) for a total consideration of approximately RMB9,401.7 million.

5. As at 31 December 2017, total land bank of the Group and its associates and joint ventures is estimated available to build gross floor area of approximately 19,025,800 sq.m. (attributable to the Group, including the interests in associates and joint ventures: 17,910,800 sq.m.).

6. Cash and bank balances plus restricted cash and deposits were HK$23,702.3 million in total, 13.8% higher as compared with the last financial year end (HK$20,820.5 million). The net gearing ratio of the Group was 26.8% as at 31 December 2017.

7. The Board recommended the payment of final dividend of HK3 cents per share for the year ended 31 December 2017 (2016: HK2 cents).

The board of directors (the “Board”) of China Overseas Grand Oceans Group Limited (the “Company”) is pleased to announce the annual results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2017.

For the year ended 31 December 2017, the Group’s revenue increased by 18.6% to HK$20,277.8 million comparing with last year, while profit attributable to owners of the Company was HK$1,271.4 million, 41.2% higher than last year. Basic earnings per share were HK55.7 cents (2016: HK39.4 cents).

The operating environment of China in 2017 remained stable and the economy continued steady progress. Despite some turbulences along the way, with the deepening of wide-ranging economic structural reforms and the continual transformation of the industrial structure, the economy of China has maintained a progressive momentum in a stable development with GDP for 2017 grew by 6.9% year-on-year. Supported by sound economic fundamental, the exchange rate of Renminbi (“RMB”) turned strong in the year as well. The housing market in China also grew steadily in general, amidst different cooling measures for property markets have been taken by the government in different areas to minimize the volatility of property prices and mitigate the financial risks.

In view of a steady property market environment, the Group, during the year, continued to adopt flexible marketing strategies and sales tactics and work diligently to unveil more promotional campaigns so as to boost the properties sales. The Group together with its associates and joint ventures recorded contracted property sales amounting to HK$37,068.3 million for the year (2016: HK$24,003.9 million), representing an increase of 54.4% against last year (and exceeding the annual growth rate of sales of commercial housing in China of 13.7%), which corresponded to an aggregated sold area of 3,411,900 square meter (“sq.m.”) (2016: 2,673,800 sq.m.), representing an increase of 27.6% year-on-year (and exceeding the annual growth rate of area sold of commercial housing in China of 7.7%). Of the contracted sales, an amount of HK$4,633.7 million (2016: HK$621.8 million) for an aggregated area of 250,300 sq.m. (2016: 44,100 sq.m.) was contributed by associates and joint ventures. Besides, the balance of preliminary sales at the year-end pending the completion of formal sales and purchase agreements in the pipeline was HK$559.0 million for an aggregated area of 36,000 sq.m..

On top of increased efforts on property sales, the Group also kept on perfecting the design of its property products, improving the quality of its projects and upgrading its customer services in order to bring additional values to the customers and enhance its competitiveness.

The acquisition of the operations for the property portfolio from China Overseas Land & Investment Limited ("COLI") in December 2016 enlarged the operating scale of the Group and further expanded its footprint to cities with high growth potential. With the extended efforts of the management, the consolidation and integration work was smooth and progressed satisfactorily in the year. In addition to the above acquisition, the Group still kept its pace in land acquisition to secure its foundation for persisted growth. During the year, the Group entered into a new city, Xining, a city in Qinghai province with high growth potential. Together with other new land pieces, the Group successfully acquired a total of ten parcels of land in Hefei, Yancheng, Xining, Yinchuan, Changzhou, Yangzhou, Xuzhou and Ganzhou with total development area of 2,508,047 sq.m. (attributable to the Group: 2,508,047 sq.m.). As at 31 December 2017, total land bank of the Group and its associates and joint ventures in China reached 19,025,800 sq.m., of which, 408,400 sq.m. was held by associates and joint ventures. The land bank attributable to the Group (including the interests in associates and joint ventures) was 17,910,800 sq.m.. The Group's land bank was distributed over 18 cities as at 31 December 2017.

Thanks to the overwhelming support of the shareholders, the Group has successfully raised a net proceeds of HK$4,607.7 million (net of expenses) in February 2018 by way of rights issue on the basis of one rights share for every two shares. The proceeds from the rights issue would be applied for repayment of indebtedness and liabilities, business development and general working capital. With the strengthened capital base and improved financial position, the Group would continue to capture more business and investment opportunities and increase the shareholders' value in the long-term.

DIVIDEND

The interim dividend paid in October 2017 was HK1 cent per share (2016: Nil). After reviewing the result performance for the year and working capital requirements for the Group's future expansion of its business, the Board of the Company recommended the payment of a final dividend of HK3 cents per share (2016: HK2 cents per share) for the year ended 31 December 2017 which will be payable on 5 July 2018 to the members of the Company registered as at the close of business on 13 June 2018. Total dividends for the financial year will amount to HK4 cents per share (2016: HK2 cents per share).

The proposed final dividend is subject to the approval by the shareholders of the Company at the forthcoming annual general meeting to be held on Thursday, 7 June 2018 (the "AGM").

The Register of Members of the Company will also be closed on Wednesday, 13 June 2018, no transfer of shares will be effected on that day. In order to determine the identity of the members for entitlement of the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Tuesday, 12 June 2018.

BUSINESS REVIEW

REVENUE AND OPERATING RESULTS

The improved sentiment and operating environment of 2016 continued, that the overall property market in China remained stable generally in 2017. Under the government's strategy of adoption of different policies in different cities as appropriate to their local conditions, the property market of certain cities where the Group has property development projects has been active. During the year, the Group carried out the integration works on the property portfolio acquired from China Overseas Land & Investment Limited (the "COLI") in December 2016, which mainly comprised property development projects (residential, commercial, etc.) at various development stages in seven cities in China. Sales for certain projects of the portfolio commenced and some property units were handover to buyers during the year. Projects development progress was in line with the programs.

For the year ended 31 December 2017, the Group recorded revenue of HK$20,277.8 million, 18.6% increase comparing with last year. Gross profit for the year was HK$4,068.5 million, HK$1,133.5 million higher than last year. Gross margin for the year increased by 2.9% against last year to 20.1%, as driven by the increase on the average selling price.

Continued the extended promotion and marketing activities in the year, the distribution and selling expenses increased by HK$120.3 million against the last year to HK$675.8 million. However, the ratio of distribution and selling expenses to the contracted property sales for the year dropped slightly by 0.5% against last year, from 2.3% to 1.8%. On the other hand, administrative expenses for the year of HK$610.1 million, increased by HK$193.7 million against last year as driven by the enlarged operating scale after the aforesaid acquisition. The ratio of the administrative expenses to revenue increased by 0.6% to 3.0% compared with 2.4% of last year. The Group still maintained stringent controls over the expenses.

In respect of the investment properties, there was an upward fair value gain of HK$191.8 million (2016: nil) for the year mainly due to the increase in fair value of China Overseas

International Centre in Beijing. Sales of the China Overseas Building located in Jilin, in form of sub-units, continued and approximate 2,800 sq.m. floor area were handover during the year. As such, the Group recognized a profit before income tax of HK$0.5 million from the disposal. Approximate 80% of the total gross floor area of the building was sold up to the year ended 31 December 2017.

In arranging a three-year term bank borrowing of US$40.0 million during the year, the Group has entered into a three-year term interest rate swap contract with notional amount of US$40.0 million with the borrowing bank to swap the interest rate from floating basis of 3-month London Interbank Offered Rate plus 1.515% to fixed rate at 3.2% per annum. The interest rate swap contract has been recognized as a derivative financial instrument and its fair value change of HK$2.0 million was recognized in income statement for the year.

Driven by rise in gross profit, operating profit for the year amounted to HK$3,167.4 million, representing an increase of 48.5% against last year.

Share of profit of associates amounted to HK$57.2 million (2016: nil) for the year, which was mainly contributed by an associated company acquired from COLI in the aforesaid acquisition.

As the Group financed the payment of consideration for the acquisition of COLI's assets through bank borrowings and also took up certain interest-bearing liabilities in the aforesaid acquisition, total interest expense increased from HK$655.8 million of last year to HK$1,234.9 million this year. Finance costs also increased from HK$18.5 million of last year to HK$32.5 million this year, after capitalization of HK$1,202.4 million to the on-going development projects.

Income tax expense comprised enterprise income tax and land appreciation tax. With the surge in profit and profit recognition from certain projects acquired from COLI as mentioned above, income tax expense increased by HK$740.4 million in the year. The effective tax rate for the year increased as well mainly due to the impact of the aforesaid acquisition after taking into account the fair value of the projects acquired.

In total, for the year ended 31 December 2017, profit attributable to owners of the Company increased by 41.2% against last year to HK$1,271.4 million (2016: HK$900.2 million). Basic earnings per share were HK55.7 cents (2016: HK39.4 cents).

LAND BANK

The Group's management believes that a sizable and quality land bank is one of the most important assets to a property developer. Further to the acquisition of property portfolio from COLI in 2016, during the year, the Group entered into a new city, Xining, a city in Qinghai province with high growth potential to secure its foundation for persisted growth. Together with other new land pieces, the Group successfully acquired a total of ten parcels of land in Hefei, Yancheng, Xining, Yinchuan, Changzhou, Yangzhou, Xuzhou and Ganzhou with total development area of 2,508,047 sq.m. (attributable to the Group: 2,508,047 sq.m.) for consideration of approximately RMB9,401.7 million.

As at 31 December 2017, total land bank of the Group and its associates and joint ventures in China reached 19,025,800 sq.m., of which, 408,400 sq.m. was held by associates and joint ventures. The land bank attributable to the Group (including the interests in associates and joint ventures) was 17,910,800 sq.m.. The Group's land bank was distributed over 18 cities as at 31 December 2017.

With its prudent expansion strategy, the Group would keep on closely monitoring the market situation and search for suitable land pieces for development in order to maintain a quality land bank at reasonable price.

SEGMENT INFORMATION

PROPERTY SALES AND DEVELOPMENT

Leveraged with a quality driven national brand name, the Group focused on the cities with high investment value and developed a wide range of tailored and high graded housing products, including flats with different layouts, sizes and orientations, to suit specific needs of different local markets and customers. As a result, the Group was able to sustain its leading market position in these cities despite of challenging property market environment.

The Group remained focus at boosting contracted property sales. Riding on the strong sales momentum of last year and benefited from the aforesaid acquisition, contracted property sales of the Group and its associates and joint ventures amounted to HK$37,068.3 million (2016: HK$24,003.9 million), for an aggregated area of 3,411,900 sq.m. (2016: 2,673,800 sq.m.), (in which, HK$4,633.7 million <2016: HK$621.8 million> for an aggregated area of 250,300 sq.m. <2016: 44,100 sq.m.> was contributed by associates and joint ventures) representing an increase of 54.4% and 27.6% respectively against the last year. Of the contracted property sales, HK$7,738.7 million was contributed by the property portfolio acquired from COLI last year. At year end date, the balance of preliminary sales pending the completion of sales and purchase agreements was HK$559.0 million for an aggregated area of 36,000 sq.m..

Contracted property sales from major projects during the year:

City	Name of project	Saleable Gross Floor Area (sq.m.)	Amount (HK$ Million)
Shantou	La Cite/ The Arch	420,633	5,153.8
Nanning	International Community/ Royal Lakefront	351,852	3,398.7
Ganzhou	International Community	250,622	3,246.7
Huizhou	CITIC Harbour City/ CITIC Triumph Town	265,479	2,961.8
Lanzhou	China Overseas Plaza/ Dynasty Court	173,418	2,146.2
Hefei	Central Mansion	78,442	2,061.1
Changzhou	The Phoenix/ Dragon Bay	178,442	2,054.9
Yangzhou	The Grand Canal/ Yangzhou Jiajing	215,825	2,053.8
Nantong	The Aqua	233,745	2,047.5
Yancheng	The Glorious	161,177	1,976.3
Jilin	International Community	231,428	1,731.2
Weifang	Da Guan Tian Xia	179,039	1,555.4

Progress for all development projects was satisfactory and largely in line with the construction programs. During the year, nearly 2,306,800 sq.m. of construction sites were completed for occupation and of which, about 95% was sold out by year end. The Group continuously accelerated the property sales and also seized opportunities, after cautious assessment, to acquire quality land pieces with high investment potential at reasonable prices to safeguard its healthy financial position and achieve sustainable development scale.

For the year ended 31 December 2017, recognized revenue increased by 18.4% against last year to HK$20,004.7 million (2016: HK$16,900.1 million), of which, around 25% was generated from the properties portfolio acquired from COLI last year.

In view of the increase in selling prices of properties handover during the year, the gross profit margin for the year grew to 19.4% from 16.4% of last year. However, the gross profit from the projects acquired from COLI last year were not significant in the year as their costs were marked to the fair values, which were made reference to the market value at the completion of acquisition in 2016.

The net profits contribution from the associate and joint venture was HK$28.4 million (2016: net loss of HK$4.7 million). Their projects' development progress and returns are in line with expectation.

Hence, the segment result increased 44.1% to HK$2,951.0 million (2016: HK$2,047.4 million) for the year.

Recognized revenue from major projects during the year:

City	Name of project	Saleable Gross Floor Area (sq.m.)	Amount (HK$ Million)
Huizhou	CITIC Triumph Town/ CITIC Harbour City	286,786	3,147.9
Yangzhou	The Grand Canal/ Imperial No. 9/ Yangzhou Jinyuan	166,855	2,034.7
Nanning	International Community	191,736	1,650.3
Lanzhou	Glorioushire	184,578	1,570.8
Yancheng	The Arch/ The Century	195,318	1,407.6
Shantou	East Coast/ CITIC Golden Coast	90,290	1,335.6
Hohhot	The Azure/ Dragon Cove	141,275	1,178.1
Shaoxing	Century Manor	140,488	1,065.1
Changzhou	The Phoenix/ Dragon Bay	103,642	1,036.8
Hefei	The Lagoon	87,404	945.9
Ganzhou	International Community	50,021	660.8

In addition to the above, the following project had commenced the construction work in the year:

City	Name of project	Construction commenced
Yangzhou	Glory Manor (previously named as "Yangzhou Jiangdu Plot")	August 2017
Xuzhou	Coastal Palace (previously named as "Xingzishan Project")	September 2017
Nantong	Central Mansion (previously named as "Chongchuan District Project")	October 2017
Hefei	Coli City	December 2017

At year end date, properties under construction and stock of completed properties amounted to 6,050,300 sq.m. and 910,900 sq.m. respectively, totaling 6,961,200 sq.m.. Properties of 3,168,500 sq.m. had been contracted for sales and were pending for handover upon completion.

PROPERTY LEASING

As described above, in response to the change in local market conditions, the leasing business development plan in relation to China Overseas Building located in Jilin has changed to sales, in the form of sub-unit. Approximate 80% of the gross floor area of the building was sold. Nevertheless, the leasing business remained stable in general. For the year ended 31 December 2017, rental income increased by HK$13.2 million year-on-year to HK$206.6 million (2016: HK$193.4 million) while the segment profit, after factoring in the gain on disposal of investment properties of HK$0.5 million and the fair value gain on investment properties of HK$191.8 million, increased by HK$199.9 million year-on-year to HK$365.7 million (2016: HK$165.8 million). The contribution from the joint venture increased to HK$18.9 million (2016: HK$4.7 million).

At year end date, the occupancy rates for China Overseas International Center in Xicheng District, Beijing and the scientific research office building in Zhang Jiang High-tech Zone in Shanghai were 90% (31 December 2016: 91%) and 90% (31 December 2016: 97%) respectively. The Group wholly owns the Beijing properties while it holds 65% of the Shanghai project.

FINANCIAL RESOURCES AND LIQUIDITY

The Group has consistently adopted prudent financial management approach and its financial condition remained healthy. Having worked hard over the past few years, the Company and its subsidiaries have gained multiple accesses to funds from both investors and financial institutions in China and international market to meet its requirements in working capital, refinancing and project development. As at 31 December 2017, net working capital amounted to HK$35,204.0 million (31 December 2016: HK$28,304.7 million), with a quick ratio of 0.6 (31 December 2016: 0.6).

The drawdowns and repayments of bank and other borrowings during the year were HK$12,636.9 million and HK$8,914.8 million respectively. Furthermore, after taking into account of the increase of HK$516.1 million due to translation of RMB loan, total bank and other borrowings increased from the last year end amount of HK$19,973.6 million to HK$24,211.8 million. Of which, RMB loan amounted to RMB7,451.5 million (equivalent to

HK$8,914.2 million) while the Hong Kong Dollar loan and US Dollar loan amounted to HK$11,683.1 million and HK$3,614.5 million respectively. As at year end, interests of borrowings amounted to HK$2,210.7 million were charged at fixed rate from 3.4% to 3.8% per annum while the remaining borrowings of HK$22,001.1 million were charged at floating rates with a weighted average of 3.92% per annum. About 20.3% of bank and other borrowings is repayable within one year.

In respect of the Group's US$400 million 5.125% guaranteed notes due 2019, the amortized cost payable amounted to HK$3,159.2 million as at 31 December 2017.

As agreed with the lenders, the repayment of the amount due to related companies of HK$4,852.6 million and HK$89.8 million as at 31 December 2017 were extended to 29 June 2018 and 18 October 2020 respectively. The balances would be charged at Hong Kong Interbank Offered Rate in respect of the balances denominated in Hong Kong Dollar or the People's Bank of China prevailing lending rate in respect of the balances denominated in RMB.

Due to the strong contract sales and satisfactory cash collection during the year, cash and bank balances plus restricted cash and deposits further increased to HK$23,702.3 million in total as at 31 December 2017, 13.8% higher as compared with the last financial year end (31 December 2016: HK$20,820.5 million). Of which, 99.7% is denominated in RMB while the remaining is mainly in Hong Kong Dollar.

Thanks to the extended efforts of the management, the net gearing ratio, expressed as a percentage of net debts (i.e. total borrowings, including the guaranteed notes, net of cash and bank balances and restricted cash and deposits) to equity attributable to owners of the Company, still maintained at the low level of 26.8% as at 31 December 2017, slightly higher than 22.1% as at last year end.

Taking into account of the unutilized bank credit facilities available to the Group of HK$5,044.3 million, the Group's total available funds (including restricted cash and deposits of HK$7,553.0 million) reached HK$28,746.6 million as at 31 December 2017. The liquidity position of the Group remains healthy and the Group has sufficient resources to satisfy its commitment and working capital needs.

In terms of capital management, the Group continues to implement centralized financing and treasury policies to ensure efficient fund utilization.

The Group manages its capital structure with the objective to maximize its shareholders' returns in the long term by maintaining a healthy financial position, sustainable gearing structure and reasonable finance costs in the built-up of an optimal operation scale. To strengthen its capital base, the Group has successfully raised a net proceeds of HK$4,607.7 million (net of expenses in amounts of HK$48.1 million) in February 2018 by way of rights issue on the basis of one rights share for every two shares with subscription price of HK$4.08 for each rights share. The management expects that the total available funds and the rights issue proceeds could greatly support the business growth in coming years with the net gearing ratio contained in an acceptable and manageable range. Approximately HK$2,250.0 million of the proceeds raised from the rights issue has been applied for repayments of bank loans. Currently, the Group sticks to its plan on the use of the proceeds as disclosed in the prospectus issued in January 2018.

To support the growth of the business, the Group would closely monitor the financial market and explore opportunities to enter into appropriate long-term financing to further optimize its debt profile and strengthen its capital structure continuously.

Moreover, the Group would closely review its operational and financial status to ensure continual fulfillment of the financial covenants as agreed with different financial institutions. The Group would also regularly re-evaluate its operational and investment status and endeavour to improve its cash flow and minimize its financial risks.

FOREIGN EXCHANGE EXPOSURE

As the Group conducted its sales, receivables and payables, expenditures and part of the borrowings in RMB for its property development business in China, the management considered a natural hedge mechanism existed in that operations. However, as at 31 December 2017, about 32.6% and 67.4% of the Group's total borrowings (including the guaranteed notes) were denominated in RMB and Hong Kong Dollar/US Dollar respectively. Hence, take into account of the debt financing structure, the Group is subject to foreign exchange risk from the volatility of RMB exchange rate.

The exchange rate of RMB to Hong Kong Dollar rose by 7.0% in the year and accordingly, the net asset value of the Group increased by HK$2,104.8 million.

Except for the aforesaid interest rate swap contract, the Group has not entered into any financial derivatives either for hedging or speculative purpose during the year. The Group would continue to closely monitor the volatility of the RMB exchange rate. In view of the lower finance costs for borrowings in Hong Kong Dollar/ US Dollar and the expectation of stable RMB exchange rate in the medium to long term, the management, after balancing the finance cost and risks, would review its financing strategy regularly to optimize the ratio of RMB and Hong Kong Dollar/ US Dollar debt to minimize the foreign exchange risk.

COMMITMENTS AND GUARANTEE

As at 31 December 2017, the Group had commitments totaling HK$8,050.7 million which related mainly to land costs, property development and construction works. In addition, the Group issued guarantees to banks totaling HK$31,686.7 million (equivalent to RMB26,487.3 million) for facilitating end-user mortgages in connection with its property sales in China as a usual commercial practice and a credit facility granted to a joint venture.

CAPITAL EXPENDITURE AND CHARGES ON ASSETS

The Group had capital expenditures totaling HK$236.7 million approximately during the year, mainly referred to additions in hotel construction in progress.

On the other hand, as at 31 December 2017, certain property assets in China with aggregate carrying value of HK$1,159.9 million were pledged to obtain HK$285.3 million (equivalent to RMB238.5 million) of secured borrowings from certain banks in China for the projects.

EMPLOYEES

As at 31 December 2017, the Group has 1,855 employees (31 December 2016: 1,622). The increase in the number of employees was mainly due to business growth and expansion of operating scale.

The Group is keen to motivate and retain talent and reviews the remuneration policies and packages on a regular basis to recognize employee contributions and respond to changes in the employment market. The total staff costs incurred for the year ended 31 December 2017 was approximately HK$580.5 million (2016: HK$420.7 million). The pay levels of the employees are determined based on their responsibilities, performance and the prevailing market condition. Discretionary bonus was paid to employees based on individual performance while other remuneration and benefits, including the provident fund contributions/ retirement pension scheme, remained at appropriate levels. Different trainings and development opportunities continued to be offered to sharpen employees' capabilities to meet the pace of business growth.

PROSPECTS

The Economy

In December 2017, the “World Economic Situation and Prospects 2018” released by the United Nations indicated that at the global level, economic growth is expected to remain steady at approximately 3% in 2018 and 2019. In 2018, China’s economy adheres to the general working guideline of making progress while maintaining stability and insists on setting the supply-side structural reform as the main thread. The expected solid growth in China’s economy will provide a positive macro-economic environment for the development of property market in China.

In spite of a stable global economic landscape towards positive growth, there are risks and challenges in global economy in 2018, including change of trade policy, rapid deterioration of global financial situation and increasingly tense geopolitical environment. China’s economy is facing certain conflicts and problems whereas the government considers “risks prevention” as the first priority of the “three major tough battles” in the coming years. The Group will closely monitor the risks and opportunities brought about by the changes in domestic and international economic environment and embrace changes in formulating the development strategy of the Group.

Real Estate Development

China's economy has been evolving from a phase of rapid growth to a stage of high-quality development. This is a pivotal stage for transforming China's growth model, improving its economic structure and fostering new drivers of growth. The transformation of the approach of economic development in China will lead the property industry to a new cycle. With the supply-demand change from “encouraging sale of housing” to “promoting both home purchases and rental”, the government will withdraw from its position as monopoly provider of land, and the enormous supply-side change of land and housing will facilitate a reform of property development model and business logic, pushing the property industry towards new cycle and reshaping market landscape. The Group expects that the government will not relax its property market control policies in 2018, the long-term effective mechanism for real estate will further accelerate, thus speeding up market segmentation in various cities and elevating the degree of industrial concentration. In addition, the property market in China has entered into a consumption upgrade period as consumption is playing a more important role in the growth in gross domestic product, and middle to high-end properties will be the mainstream of the property market. The Group is cautiously optimistic about the development of the property market in China in 2018 and remarkably confident about the investment and development of the property market in economically powerful cities.

Group Strategy

The additional capital raised through rights issue has significantly strengthened the financial position of the Group and enhanced its capability to further expand the operating scale to capture more business and investment opportunities. The Group remains committed to become a high-growth star property developer of the highest potential in the residential property market in China.

Fully embraced the government's urbanization and long-term housing policy, the Group will continue to focus on the emerging cities with the best investment value and growth potentials in China. In the wake of the ongoing infrastructure investment and the rapid urbanization of the emerging cities, the Group has progressively extended its operations after years of tireless development and will maintain its position of offering middle to high-end product ranges.

With the improved capital base and financial strength, the Group closely monitors the opportunities of property market and keeps its pace for continuous expansion. Evidenced by the acquisition of property portfolio and operations from COLI in December 2016, the Group is determined to invest in property projects with high growth potential. As a reputable property developer in the market, the Group believes that it is of paramount importance to build up and maintain a high quality land bank at competitive prices for sustainable growth and maximizing shareholders' returns in long term. While dedicated to enlarge its operating scales, the Group still firmly adheres to its prudent investment strategy in order to ensure the business development in an orderly manner at the same time. The Group will continue to seek for business opportunities with investment value and good returns at appropriate and sustainable capital and debt structure. For right property projects, the Group will explore to develop jointly with reliable business partners to broaden its earnings base and balance its risk.

Adhere firmly to the principle of customer-oriented, the Group dedicates to providing customers with good products and services. The Group will adopt various measures to continuously improve the quality of its products and services and enhance customer satisfaction and loyalty in order to accumulate loyal customers for sustainable development in the future.

The Group will attach greater weight to research and development of products so as to seize opportunities in the consumption upgrade of the property industry. Moreover, the Group will target the demand from customers for high-value or upgraded products and enhance value of the products with application of technologies of low-carbon, environmental protection and intelligence technologies to maintain the Group's leading profitability.

On the foundation of the extensive experience in managing property development projects in emerging cities in China and the standardized management systems, the Group continues to work hard to streamline its operating processes, reinforce its internal controls, tighten its cost controls and strengthen its risk management system in response to the fast-changing business dynamic and regulatory requirements. Continual investment and extra efforts will be made by the Group to develop new value-added products, broaden the range of property products, optimize the project development cycle, enhance the quality of the properties and improve customer services in order to cope with the increasing customers' expectations and market competition.

To deal with an ever-changing market environment, the Group is devoted to evolve new marketing methodologies and strategies, speed up sales programs and promote the sell-through rate of the inventory. The Group strives to extend its competitive edge and safeguard its leading position in the market.

The Group will maintain a professional and prudent financial management of the financial resources and continue to enhance its financial management capability. Debt structure and profile will be reviewed regularly and optimized continuously. The Group will also closely monitor the impacts from the external political and economic environment, volatility of exchange rate of RMB, and national policy changes to the business operations.

The Group regards talent capital amongst the essences to success and continuous development of its business. The Group will enhance the care services for staff as well as the training and development of diversified talents, establish an open and inclusive system for recruitment and provide a diversified and customized career path for all level of staff members working in different areas. In addition, the Group will continue to optimize its competitive remuneration package for staff for continual building of a profession, dedicated and high-effective team.

KEY RISKS FACTORS AND UNCERTAINTIES

The Group monitors the development of the industry on regular basis and timely assesses different types of risks in order to formulate proper strategies to minimize the impact to the Group. The following contents list out the key risks and uncertainties identified by the Group:

INVESTMENT RISK

The property market in China diverges with uneven growth among different cities and districts. It is critical for the Group to replenish and acquire suitable land bank at suitable sites at reasonable price for healthy and continuous growth.

The Group sticks firmly to its prudent investment approach and expands its operating scale in an organized manner. The Group would continue to perform comprehensive due diligence review on new business opportunities and selected cautiously the appropriate projects for investment.

DEBT REPAYMENT RISK

Cash flow management is one of the major business risks of property development business, which is capital intensive in nature. The risk is mainly arising from lower than expected cash collection from sales and failure to refinance debt upon maturity.

To preserve sufficient cash flow and safeguard financial health, the Group would continue to expedite property sales and cash collection, remain discreet in land bank replenishment, harmonize the development pace with market conditions and strengthen stock management. The Group would continue to maintain the satisfactory relationships with financial institutions and ensure continual fulfillment of the financial covenants. Besides, the Group would also further explore opportunities of different financing accesses to broaden its funding channels.

FOREIGN EXCHANGE RISK

The exchange rate of RMB to US Dollar and Hong Kong Dollar fluctuated over the past few years. As aforesaid, under the existing debt financing structure, the Group is subject to foreign exchange risk from the volatility of RMB exchange rate.

The Group would continue to actively monitor the volatility of RMB exchange rate and after balancing the finance cost and risks, would review the financing strategy constantly to optimize the ratio of RMB and Hong Kong Dollar/ US Dollar debt at appropriate time to minimize the foreign exchange risk.

MARKET RISK

China's real estate market is susceptible to different factors such as government policies and regulations, economic growth, social environment, customer demands, etc.

The Group is kept abreast with the changes in business environment and regulatory, and timely assesses the impacts on the operations in order to formulate the best strategy for persisted growth. Benefited from the national brand for excellence product, the Group would develop different types of properties tailored for different customers in different regions. Moreover, the Group would alter the construction program of the projects to match the sales status so that the stock level could be optimized while the supply of properties could still be warranted.

PRODUCT QUALITY RISK

Property developer has to manage the risk of work quality of major contractors. Reputation of the developer would be dampened by sub-standard housing products arising from improper work procedures and poor site management.

With extensive experience in the property development business, the Group has established a well-defined quality assessment system and would strictly regulate the construction work process in order to ensure smooth running and quality of the property development projects.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2017

	Notes	**2017 HK$'000**	2016 HK$'000
Revenue	*4*	**20,277,831**	17,093,485
Cost of sales and services provided		**(16,209,323)**	(14,158,485)
Gross profit		**4,068,508**	2,935,000
Other income		**198,629**	159,753
Distribution and selling expenses		**(675,762)**	(555,498)
Administrative expenses		**(610,130)**	(416,413)
Other operating expenses		**(7,704)**	(10,827)
Other gains or losses			
Fair value gain on investment properties		**191,830**	-
Gain on disposal of investment properties		**542**	21,001
Change in fair value of a derivative financial instrument		**1,974**	-
Write-off of available-for-sale financial assets		**(535)**	-
Gain on bargain purchase		**-**	30
Operating profit		**3,167,352**	2,133,046
Finance costs		**(32,500)**	(18,450)
Share of results of associates		**57,153**	-
Share of results of joint ventures		**(9,854)**	(45)
Profit before income tax	*6*	**3,182,151**	2,114,551
Income tax expense	*7*	**(1,920,417)**	(1,179,996)
Profit for the year		**1,261,734**	934,555
Profit/(Loss) for the year attributable to:			
Owners of the Company		**1,271,398**	900,243
Non-controlling interests		**(9,664)**	34,312
		1,261,734	934,555
		HK Cents	HK Cents
Earnings per share	*9*		
Basic		**55.7**	39.4
Diluted		**55.7**	39.4

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

	2017 HK$'000	2016 HK$'000
Profit for the year	**1,261,734**	934,555
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising from translation of overseas operations		
- subsidiaries	**2,070,009**	(1,668,737)
- associates	**6,923**	-
- joint ventures	**27,897**	(21,168)
Other comprehensive income for the year, net of tax	**2,104,829**	(1,689,905)
Total comprehensive income for the year	**3,366,563**	(755,350)
Total comprehensive income attributable to:		
Owners of the Company	**3,323,682**	(750,824)
Non-controlling interests	**42,881**	(4,526)
	3,366,563	(755,350)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

Assets and liabilities	*Notes*	**2017 HK$'000**	2016 HK$'000
Non-current assets			
Investment properties		**2,835,203**	2,485,859
Property, plant and equipment		**1,187,437**	927,519
Prepaid lease rental on land		**325,367**	312,979
Intangible assets		**8,117**	11,919
Interests in associates		**135,907**	71,831
Interests in joint ventures		**449,129**	376,844
Amount due from a joint venture		**305,057**	-
Available-for-sale financial assets		**1,196**	2,005
A derivative financial instrument		**1,974**	-
Deferred tax assets		**345,958**	345,751
		5,595,345	4,534,707
Current assets			
Inventories of properties		**54,414,394**	49,011,793
Other inventories		**2,060**	2,126
Trade and other receivables, prepayments and deposits	*10*	**9,795,746**	5,453,154
Prepaid lease rental on land		**9,562**	8,935
Amounts due from associates		**68,094**	65
Amounts due from joint ventures		**-**	315,741
Amounts due from non-controlling interests		**353,678**	235,631
Tax prepaid		**1,382,614**	971,064
Restricted cash and deposits		**7,553,007**	5,662,322
Cash and bank balances		**16,149,246**	15,158,177
		89,728,401	76,819,008
Current liabilities			
Trade and other payables	*11*	**9,639,438**	10,352,386
Sales deposits received		**30,820,778**	19,740,276
Amounts due to associates		**176,876**	186,832
Amounts due to joint ventures		**1,234,203**	-
Amounts due to non-controlling interests		**613,424**	886,353
Amounts due to related companies		**4,852,569**	8,641,033
Consideration payable for acquisition		**-**	1,912,695
Taxation liabilities		**2,276,077**	1,506,114
Borrowings		**4,911,049**	5,288,669
		54,524,414	48,514,358
Net current assets		**35,203,987**	28,304,650
Total assets less current liabilities		**40,799,332**	32,839,357

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2017

		2017	2016
	Notes	**HK$'000**	HK$'000
Non-current liabilities			
Borrowings		**19,300,789**	14,684,942
Guaranteed notes payable		**3,159,180**	3,148,508
Amount due to a related company		**89,754**	-
Deferred tax liabilities		**3,786,595**	3,820,607
		26,336,318	21,654,057
Net assets		**14,463,014**	11,185,300
Capital and reserves			
Share capital	*12*	**2,144,018**	2,144,018
Other reserves		**788,971**	(1,503,256)
Retained profits		**10,641,452**	9,735,520
Proposed dividend	*8(a)*	**102,701**	45,645
Equity attributable to owners of the Company		**13,677,142**	10,421,927
Non-controlling interests		**785,872**	763,373
Total equity		**14,463,014**	11,185,300

1. GENERAL INFORMATION

The Company is a limited liability company incorporated in the Hong Kong Special Administrative Region ("Hong Kong"), the People's Republic of China (the "PRC") and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the Company's registered office and principal place of business is Suites 701-702, 7/F., Three Pacific Place, 1 Queen's Road East, Hong Kong with effect from 29 January 2018.

The principal activities of the Group mainly comprise property investment and development, property leasing and investment holding. The Group's business activities are principally carried out in certain regions in the PRC such as Changzhou, Ganzhou, Hefei, Huizhou, Lanzhou, Nanning, Shantou and Yangzhou.

The Company is an associated company of China Overseas Land & Investment Limited ("COLI"). COLI is a company incorporated in Hong Kong with limited liability and its shares are listed on the Stock Exchange and its ultimate holding company is China State Construction Group Limited* (formerly known as 中國建築工程總公司 (China State Construction Engineering Corporation)) ("CSCGL"), an entity established in the PRC.

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to "HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the provisions of the Hong Kong Companies Ordinance which concern the preparation of financial statements. In addition, the financial statements include the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The financial information relating to the years ended 31 December 2017 and 2016 included in this preliminary announcement of annual results 2017 do not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 December 2017 in due course.

The Company's auditor has reported on the financial statements of the Group for both years. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

The financial statements for the year ended 31 December 2017 were approved and authorized for issue by the Board on 26 March 2018.

* English translation is for identification only.

2. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost basis except for investment properties and a derivative financial instrument, which are measured at fair value.

Derivative financial instruments

Derivatives are initially recognized at fair value at the date when a derivative contract is entered into and are subsequently re-measured at their fair values at the end of the reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Save as described in above and note 3 "Adoption of New or Revised HKFRSs", the accounting policies used in preparing the consolidated financial statements are consistent with those followed in the Group's annual financial statements for the year ended 31 December 2016.

3. ADOPTION OF NEW OR REVISED HKFRSs

(a) Adoption of new or revised HKFRSs – effective 1 January 2017

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2017:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealized Losses

The adoption of these amendments has no significant impact on the financial statements.

(b) New or revised HKFRSs that have been issued but not yet effective

The following new or revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions[1]
HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 15	Clarification to HKFRS 15[1]
HKFRS 16	Leases[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

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

The Group anticipates that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, except for HKFRS 9 Financial Instruments, HKFRS 15 Revenue from Contracts with Customers and HKFRS 16 Leases, the Group considers that other new and revised HKFRSs may result in changes in accounting policies but are unlikely to have material impact on the Group's results of operations and financial position.

4. REVENUE

The principal activities of the Group are disclosed in note 1. Revenue from the Group's principal activities recognized during the year is as follows:

	2017	2016
	HK$'000	HK$'000
Sales of properties	**20,004,650**	16,900,061
Property rental income	**206,614**	193,424
Hotel and other services income	**66,567**	-
Total revenue	**20,277,831**	17,093,485

5. SEGMENT INFORMATION

The operating segments are reported in a manner consistent with the way in which information is reported internally to the Group's most senior management for the purposes of resource allocation and assessment of segment performance. The Group has identified two reportable segments and other segment for its operating segments as follows:

5. SEGMENT INFORMATION (CONTINUED)

Property investment and development	—	This segment constructs residential and commercial properties in the PRC. Part of the business is carried out through associates and joint ventures.
Property leasing	—	This segment holds commercial units located in the PRC for leasing to generate rental income and gain from appreciation in the properties' values in the long term. Part of the business is carried out through a joint venture.
Other segment	—	This segment mainly engages in hotel operations and generates service fee income in relation to hotel operation and other ancillary services.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments. Segment revenue represents revenue from external customers and there were no inter-segment sales between different operating segments during the year or in prior year. Segment profit/loss includes the Group's share of profit/loss arising from the activities of the Group's associates and joint ventures. Reportable segment profit/loss excludes corporate income and expenses (including finance costs) from the Group's profit/loss before income tax. Corporate income and expenses are income and expenses incurred by corporate headquarters which are not allocated to the operating segments. Each of the operating segments is managed separately as the resources requirement of each of them is different.

Segment assets include all assets with the exception of tax assets and corporate assets, including certain cash and bank balances and other assets which are not directly attributable to the business activities of operating segments as these assets are managed on a group basis.

Segment liabilities include trade and other payables, accrued liabilities, amounts due to associates, joint ventures and non-controlling interests and other liabilities directly attributable to the business activities of the operating segments and exclude tax liabilities, corporate liabilities and liabilities such as borrowings, amounts due to related companies, consideration payable for acquisition and guaranteed notes payable that are managed on a group basis.

Segment results, segment assets and segment liabilities

Information regarding the Group's reportable segments including the reportable segment revenue, segment profit/(loss), segment assets, segment liabilities, reconciliation to revenue, profit before income tax, total assets, total liabilities and other segment information are as follows:

	Property investment and development HK$'000	Property leasing HK$'000	Other segment HK$'000	Consolidated HK$'000
For the year ended 31 December 2017				
Reportable segment revenue	**20,004,650**	**206,614**	**66,567**	**20,277,831**
Reportable segment profit/(loss)	**2,951,018**	**365,664**	**(28,454)**	**3,288,228**
Corporate income				**671**
Change in fair value of a derivative financial instrument				**1,974**
Finance costs				**(32,500)**
Other corporate expenses				**(76,222)**
Profit before income tax				**3,182,151**

5. SEGMENT INFORMATION (CONTINUED)

Segment results, segment assets and segment liabilities (continued)

	Property investment and development HK$'000	Property leasing HK$'000	Other segment HK$'000	Consolidated HK$'000
As at 31 December 2017				
Reportable segment assets	**88,483,940**	**3,182,074**	**1,191,963**	**92,857,977**
Tax assets				**1,728,572**
Corporate assets ^				**737,197**
Total consolidated assets				**95,323,746**
Reportable segment liabilities	**42,310,717**	**95,875**	**15,354**	**42,421,946**
Tax liabilities				**6,062,672**
Borrowings				**24,211,838**
Amounts due to related companies				**4,942,323**
Guaranteed notes payable				**3,159,180**
Other corporate liabilities				**62,773**
Total consolidated liabilities				**80,860,732**
For the year ended 31 December 2016				
Reportable segment revenue	16,900,061	193,424	-	17,093,485
Reportable segment profit	2,047,424	165,799	-	2,213,223
Corporate income				2,290
Gain on bargain purchase				30
Finance costs				(18,450)
Other corporate expenses				(82,542)
Profit before income tax				2,114,551
As at 31 December 2016				
Reportable segment assets	76,247,871	2,748,957	491,353	79,488,181
Tax assets				1,316,815
Corporate assets ^				548,719
Total consolidated assets				81,353,715
Reportable segment liabilities	31,025,345	80,097	15,896	31,121,338
Tax liabilities				5,326,721
Borrowings				19,973,611
Amounts due to related companies				8,641,033
Consideration payable for acquisition				1,912,695
Guaranteed notes payable				3,148,508
Other corporate liabilities				44,509
Total consolidated liabilities				70,168,415

^ Corporate assets as at 31 December 2017 included cash and bank balances amounting to HK$61,518,000 (2016: HK$403,248,000) which were managed on group basis.

5. SEGMENT INFORMATION (CONTINUED)

Segment results, segment assets and segment liabilities (continued)

Other information

	Property investment and development HK$'000	Property leasing HK$'000	Other segment HK$'000	Corporate HK$'000	Consolidated HK$'000
For the year ended 31 December 2017					
Interest income	**176,168**	**1,264**	**43**	**671**	**178,146**
Depreciation and amortization	**7,903**	**5,445**	**26,257**	**15,202**	**54,807**
Fair value gain on investment properties	**-**	**191,830**	**-**	**-**	**191,830**
Gain on disposal of investment properties	**-**	**542**	**-**	**-**	**542**
Write-off of available–for-sale financial assets	**-**	**-**	**535**	**-**	**535**
Gain on disposal of property, plant and equipment	**431**	**-**	**28**	**-**	**459**
Write-off of property, plant and equipment	**194**	**-**	**6,409**	**-**	**6,603**
Share of profit of associates	**57,153**	**-**	**-**	**-**	**57,153**
Share of (loss)/profit of joint ventures	**(28,734)**	**18,880**	**-**	**-**	**(9,854)**
Additions to specified non-current assets #	**58,011**	**46**	**232,697**	**218**	**290,972**
As at 31 December 2017					
Interests in associates	**135,907**	**-**	**-**	**-**	**135,907**
Interests in joint ventures	**323,845**	**125,284**	**-**	**-**	**449,129**
For the year ended 31 December 2016					
Interest income	122,466	801	-	2,290	125,557
Depreciation and amortization	6,586	5,493	-	1,223	13,302
Gain on bargain purchase	-	-	-	30	30
Gain on disposal of investment properties	-	21,001	-	-	21,001
Gain on disposal of property, plant and equipment	1,580	-	-	-	1,580
Write-off of property, plant and equipment	10	-	-	-	10
Share of (loss)/profit of joint ventures	(4,704)	4,659	-	-	(45)
Additions to specified non-current assets #	299,081	-	-	-	299,081
As at 31 December 2016					
Interests in associates	71,831	-	-	-	71,831
Interests in joint ventures	277,995	98,849	-	-	376,844

\# Including additions to the Group's investment properties, other properties, plant and equipment, prepaid lease rental on land, intangible assets, interests in associates and joint ventures (i.e. "specified non-current assets"), but excluded those additions arising from the acquisition of subsidiaries during the year ended 31 December 2016.

5. SEGMENT INFORMATION (CONTINUED)

Geographical information

All of the Group's revenue is derived from activities conducted in the PRC excluding Hong Kong. Accordingly, no analysis of the Group's revenue by geographical locations is presented.

An analysis of the Group's specified non-current assets by geographical locations, determined based on physical location of the assets or location of operations in case of interests in associates and joint ventures, is as follows:

	2017	2016
	HK$'000	HK$'000
Hong Kong	**513**	1,719
Other regions of the PRC	**4,940,647**	4,185,232
	4,941,160	4,186,951

Information about major customer

None of the customers individually contributed 10% or more of the Group's revenue for the years ended 31 December 2017 and 2016.

6. PROFIT BEFORE INCOME TAX

	2017	2016
	HK$'000	HK$'000
Profit before income tax is arrived at after charging:		
Amortization:		
Prepaid lease rental on land	**9,256**	165
Intangible assets #	**4,490**	4,532
Depreciation of property, plant and equipment	**41,061**	8,605
Total amortization and depreciation	**54,807**	13,302

included in "Cost of sales and services provided" in the consolidated income statement

7. INCOME TAX EXPENSE

	2017	2016
	HK$'000	HK$'000
Current tax for the year		
Other regions of the PRC		
- Enterprise income tax ("EIT")	**1,168,879**	798,017
- Land appreciation tax ("LAT")	**1,027,643**	699,160
	2,196,522	1,497,177
Under/(Over) provision in prior years		
Other regions of the PRC	**2,035**	(9,439)
Deferred tax	**(278,140)**	(307,742)
	1,920,417	1,179,996

For the year ended 31 December 2017, no Hong Kong profits tax has been provided as the Group did not derive any estimated assessable profit in Hong Kong for the year (2016: nil).

7. INCOME TAX EXPENSE (CONTINUED)

EIT arising from other regions of the PRC is calculated at 25% (2016: 25%) on the estimated assessable profits.

PRC LAT is levied at progressive rates from 30% to 60% (2016: 30% to 60%) on the estimated appreciation of land value, being the proceeds of sales of properties less deductible expenditure including cost of land use rights and development and construction expenditure.

8. DIVIDENDS

(a) Dividends payable to owners of the Company attributable to the year:

	2017	2016
	HK$'000	HK$'000
Interim dividend – HK$0.01 (2016: nil) per ordinary share	**22,822**	-
Proposed final dividend – HK$0.03 (2016: HK$0.02) per ordinary share *(note)*	**102,701**	45,645
	125,523	45,645

Note:
The final dividend of HK$0.03 (2016: HK$0.02) per ordinary share, amounting to approximately HK$102,701,000 (2016: HK$45,645,000), has been proposed by the directors and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting. The calculations of the total amounts of the proposed final dividend are based on 3,423,360,000 ordinary shares (note 13) (2016: 2,282,240,000 ordinary shares).

(b) Dividends payable to owners of the Company attributable to the previous financial year:

	2017	2016
	HK$'000	HK$'000
Final dividend in respect of previous financial year, approved and paid during the year of HK$0.02 (2016: nil) per ordinary share	**45,645**	-

9. EARNINGS PER SHARE

The calculations of basic earnings per share attributable to owners of the Company are based on the following data:

Earnings	**2017**	2016
	HK$'000	HK$'000
Earnings used in calculating basic earnings per share	**1,271,398**	900,243

Weighted average number of ordinary shares	**2017**	2016
	'000	'000
Weighted average number of ordinary shares used in calculating basic earnings per share	**2,282,240**	2,282,240

Diluted earnings per share is same as the basic earnings per share as there have been no dilutive potential ordinary shares in existence during the year or prior year.

10. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2017	2016
	HK$'000	HK$'000
Trade receivables, net	**38,191**	81,977
Other receivables, net	**1,714,138**	1,935,067
Prepayments and deposits	**8,043,417**	3,436,110
	9,795,746	5,453,154

The ageing analysis of the Group's trade receivables net of impairment allowance, based on invoice date or when appropriate, date of transfer of property, is as follows:

	2017	2016
	HK$'000	HK$'000
30 days or below	**1,116**	1,452
31–60 days	**503**	112
61–90 days	**508**	999
91–180 days	**464**	2,090
181–360 days	**17**	53,250
Over 360 days	**35,583**	24,074
	38,191	81,977

The credit terms in connection with sales of properties granted to the buyers are set out in the sale and purchase agreements and vary for different agreements. Rentals receivable from tenants and service income receivable from customers are generally due on presentation of invoices.

Overdue receivables are reviewed regularly by senior management and impairment provision would be considered for those balances.

At the end of each reporting period, management reviews receivables for evidence of impairment on both an individual and collective basis. Trade receivables which are neither past due nor impaired at the end of the reporting period relate to a large number of unrelated customers who did not have a recent history of default. Accordingly, no impairment provision is necessary in respect of these receivables.

11. TRADE AND OTHER PAYABLES

	2017	2016
	HK$'000	HK$'000
Trade payables	**8,436,569**	8,515,703
Other payables and accruals	**922,317**	1,737,394
Deposits received	**280,552**	99,289
	9,639,438	10,352,386

The ageing analysis of the Group's trade payables based on invoice date is as follows:

	2017	2016
	HK$'000	HK$'000
30 days or below	**3,145,217**	4,917,833
31–60 days	**230,550**	192,017
61–90 days	**121,284**	102,733
91–180 days	**719,689**	531,806
181–360 days	**1,443,695**	1,013,025
Over 360 days	**2,776,134**	1,758,289
	8,436,569	8,515,703

12. SHARE CAPITAL

	Number of ordinary shares '000	**HK$'000**
Issued and fully paid		
Balance at 1 January 2016, 31 December 2016, 1 January 2017 and 31 December 2017	**2,282,240**	**2,144,018**

13. EVENT AFTER THE REPORTING DATE

On 5 February 2018, the Company issued approximately 1,141,120,000 ordinary shares, on the basis of one rights share for every two ordinary shares held on 11 January 2018 at the subscription price of HK$4.08 per share. The net proceeds of approximately HK$4,607,664,000 were raised by the Company. The number of issued ordinary shares of the Company increased to approximately 3,423,360,000 shares. The new shares issued rank pari passu in all respects with the existing shares in issue. The issued share capital of the Company was increased from HK$2,144,018,000 to HK$6,751,682,000.

ANNUAL GENERAL MEETING

The AGM of the Company will be held on Thursday, 7 June 2018.

The Register of Members of the Company will be closed from Monday, 4 June 2018 to Thursday, 7 June 2018 both days inclusive, during which period no transfer of shares will be effected. In order to determine the identity of the members who are entitled to attend and vote at AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Friday, 1 June 2018.

REVIEW OF THIS FINAL RESULTS ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2017 as set out in the preliminary announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

AUDIT COMMITTEE AND REVIEW OF ACCOUNTS

The audit committee of the Company has discussed and reviewed with management the annual results and consolidated accounts for the year ended 31 December 2017.

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

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the year ended 31 December 2017.

SHARES ISSUED

On 7 November 2017, the Board announced that the Company proposed to raise gross proceeds of approximately HK$4,655.8 million by way of rights issue of 1,141,119,947 rights shares (the "Rights Shares') on the basis of one rights share for every two shares held on 11 January 2018 at the subscription price of HK$4.08 per Rights Share (the "Rights Issue'). With approval of the shareholders at the extraordinary general meeting of the Company held on 29 December 2017, the Company issued the Rights Shares on 5 February 2018. For details of the Rights Issue, please refer to the prospectus and announcement of the Company dated 12 January 2018 and 2 February 2018 respectively.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers the “Model Code” set out in Appendix 10 of the Listing Rules as the code of conduct for dealings in securities of the Company by the Directors.

Having made thorough enquiry of the Directors, the Company can reasonably confirm that the Directors have complied with the required standard set out in the Model Code throughout the year ended 31 December 2017.

CORPORATE GOVERNANCE PRACTICE

The Company always strives to raise the standard of its corporate governance and regards corporate governance as part of value creation. This reflects the commitment of the Board and senior management on abiding by the standards of corporate governance, as well as our willingness to maintain transparency and accountability to maximize the value of our shareholders as a whole.

Except for the deviations from codes A.4.1, A.6.7 and E.1.2, the Company has applied the corporate governance principles and complied with all the code provisions where applicable, most of the recommended best practices set out in Appendix 14 to the Listing Rules “CG Codes” for the year ended 31 December 2017.

CG Code A.4.1 stipulates that non-executive Directors should be appointed for a specific term. Two non-executive Directors of the Company are not appointed for a specific term, however, they are subject to retirement by rotation and re-election in accordance with the articles of association of the Company.

In addition to the above deviation, the Company has not complied with CG Codes A.6.7 and E.1.2 which require the independent non-executive directors and the chairman of the independent board committee to attend the general meetings. Due to overseas engagements, Dr. Timpson Chung Shui Ming, one of the independent non-executive directors, and Mr. Yung Kwok Kee, Billy, the chairman of the independent board committee established to review the terms of the Rights Issue, the underwriting agreement and the transactions contemplated thereunder, and the whitewash waiver, were unable to attend the annual general meeting and the extraordinary general meeting of the Company held on 23 May 2017 and 29 December 2017 respectively. However, all other independent non-executive directors were present thereat to be available to answer any question to ensure effective communication with shareholders of the Company.

PUBLICATION OF RESULTS ANNOUNCEMENT ON THE WEBSITES OF THE STOCK EXCHANGE, THE COMPANY AND EQS TODAYIR LIMITED

This results announcement is published on the website of the Stock Exchange at http://www.hkexnews.hk under "Latest Information", the Company's website at http://www.cogogl.com.hk and the website of EQS TodayIR Limited at http://www.todayir.com/en/showcases.php?code=81.

The printed copy of the 2017 Annual Report will be sent to shareholders of the Company and the soft copy of the Annual Report will be published on websites of the Stock Exchange, the Company and EQS TodayIR Limited in due course.

APPRECIATION

I would like to take this opportunity to express my heartfelt thanks to my fellow directors and our committed staff for their dedication, hard work and contributions to the Group for the year, and our shareholders and business partners for their continued confidence and support.

By Order of the Board
China Overseas Grand Oceans Group Limited
Yan Jianguo
Chairman and Non-Executive Director

Hong Kong, 26 March 2018

As at the date of this announcement, the Board comprises eight Directors, of which three are executive directors, namely, Mr. Zhang Guiqing, Mr. Paul Wang Man Kwan and Mr. Yang Lin; two non-executive directors, namely Mr. Yan Jianguo and Mr. Yung Kwok Kee, Billy, and three independent non-executive directors, namely Dr. Timpson Chung Shui Ming, Mr. Jeffrey Lam Kin Fung and Mr. Dantes Lo Yiu Ching.