Zhenro Properties Group Limited
正榮地產集團有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock code: 6158)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2017

HIGHLIGHTS

- Contracted sales for the year ended December 31, 2017 was RMB70,153.4 million, an increase of 78.5% as compared to RMB39,291.9 million for the year ended December 31, 2016
- Revenue for the year ended December 31, 2017 was RMB19,995.1 million, an increase of 36.9% as compared to RMB14,603.5 million for the year ended December 31, 2016
- Gross profit for the year ended December 31, 2017 was RMB4,217.4 million, an increase of approximately 33.1% as compared to RMB3,169.7 million for the year ended December 31, 2016
- Profit and total comprehensive income for the year ended December 31, 2017 was RMB1,521.4 million, an increase of 22.4% as compared to RMB1,243.2 million for the year ended December 31, 2016
- Core net profit for the year ended December 31, 2017 was RMB1,256.0 million, an increase of 57.5% as compared to RMB797.6 million for the year ended December 31, 2016
- Earnings per share attributable to ordinary equity holders of the Company was RMB0.47 per share for the year ended December 31, 2017, an increase of 20.5% from RMB0.39 per share for the year ended December 31, 2016

FINAL DIVIDEND

Proposed final dividend of HK$0.10 per share (equivalent to RMB0.08 per share), amounting to approximately a total of HK$412.3 million (or approximately RMB329.9 million) for the year ended December 31, 2017 and representing approximately 21.7% of the Group's net profit for the year ended December 31, 2017.

ANNUAL RESULTS

The board of director (the "**Board**") of Zhenro Properties Group Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended December 31, 2017. The annual results have been prepared in accordance with International Financial Reporting Standards (the "**IFRS**"). In addition, the annual results have also been reviewed by the audit committee of the Company (the "**Audit Committee**").

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2017

	Notes	**2017** **RMB'000**	2016 RMB'000
REVENUE	4	**19,995,061**	14,603,520
Cost of sales		**(15,777,701)**	(11,433,831)
Gross profit		**4,217,360**	3,169,689
Other income and gains	4	**154,221**	48,642
Selling and distribution expenses		**(641,043)**	(587,476)
Administrative expenses		**(664,519)**	(477,292)
Other expenses		**(40,873)**	(19,528)
Fair value gains on investment properties		**353,798**	594,150
Finance costs	5	**(551,539)**	(356,072)
Share of profits and losses of:			
Joint ventures		**(65,557)**	(7,205)
Associates		**(12,269)**	—
PROFIT BEFORE TAX		**2,749,579**	2,364,908
Income tax expense	6	**(1,228,185)**	(1,121,686)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,521,394**	1,243,222

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)
Year ended 31 December 2017

	Notes	**2017** **RMB'000**	2016 RMB'000
Attributable to:			
Owners of the Company		**1,408,876**	1,183,256
Non-controlling interests		**112,518**	59,966
		1,521,394	1,243,222
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	8	**RMB0.47**	RMB0.39

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2017

	Notes	**2017**	2016
		RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**74,702**	50,194
Investment properties		**8,542,700**	7,421,860
Prepaid land lease payments		**125,360**	387,435
Other Intangible assets		**7,130**	5,238
Investments in joint ventures		**1,404,370**	46,894
Investments in associates		**207,587**	—
Deferred tax assets		**1,059,807**	821,090
Total non-current assets		**11,421,656**	8,732,711
CURRENT ASSETS			
Available-for-sale investments		**5,000**	—
Properties under development		**40,802,768**	37,524,366
Completed properties held for sale		**16,103,145**	9,526,678
Trade receivables	9	**15,605**	10,205
Due from related companies		**2,677,975**	1,462,879
Due from a shareholder		**—**	8,210
Prepaid land lease payments		**2,926,996**	6,941,396
Prepayments, deposits and other receivables	10	**11,815,558**	3,091,874
Tax recoverable		**986,699**	953,569
Restricted cash		**3,931,480**	2,984,436
Pledged deposits		**1,195,303**	832,654
Cash and cash equivalents		**14,539,485**	14,689,689
Total current assets		**95,000,014**	78,025,956
CURRENT LIABILITIES			
Trade and bills payables	11	**5,539,852**	5,506,441
Other payables and accruals	12	**4,471,244**	968,033
Advances from customers		**39,324,143**	32,612,783
Due to related companies		**801,280**	7,648
Due to shareholders		**—**	79,856
Corporate bond		**2,002,359**	—

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
31 December 2017

	Notes	**2017** **RMB'000**	2016 RMB'000
Interest-bearing bank and other borrowings		**20,981,757**	10,319,155
Tax payable		**1,429,557**	1,011,813
Total current liabilities		**74,550,192**	50,505,729
NET CURRENT ASSETS		**20,449,822**	27,520,227
TOTAL ASSETS LESS CURRENT LIABILITIES		**31,871,478**	36,252,938
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**19,079,421**	24,714,906
Corporate bond		**—**	1,988,777
Deferred tax liabilities		**567,756**	559,324
Total non-current liabilities		**19,647,177**	27,263,007
Net assets		**12,224,301**	8,989,931
EQUITY			
Equity attributable to owners of the Company			
Share capital		**3**	—
Reserves		**8,178,781**	7,974,754
		8,178,784	7,974,754
Perpetual capital securities		**2,974,443**	—
Non-controlling interests		**1,071,074**	1,015,177
Total equity		**12,224,301**	8,989,931

NOTES TO FINANCIAL STATEMENTS
31 December 2017

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on July 21, 2014. The Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong on January 16, 2018. The registered office of the Company is located at 27 Hospital Road, George Town, Grand Cayman KY 1-9008, Cayman Islands.

During the year, the Group was principally involved in property development, property leasing and commercial property management.

In the opinion of the Directors, the ultimate holding company of the Company is RoYue Limited, which is incorporated in the British Virgin Islands.

2.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IAS 7	*Disclosure Initiative*
Amendments to IAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to IFRS 12 included in *Annual Improvements to IFRSs 2014-2016 Cycle*	*Disclosure of Interests in Other Entities: Clarification of the Scope of IFRS 12*

The adoption of the above revised standards has had no significant financial effect on the financial statements.

2.2 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but not yet effective, in these financial statements. The Group intends to adopt them, if applicable, when they become effective.

Amendments to IFRS 2	*Classification and Measurement of Share-based Payment Transactions*[1]
Amendments to IFRS 4	*Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*[1]
IFRS 9	*Financial Instruments*[1]
Amendments to IFRS 9	*Prepayment Features with Negative Compensation*[2]

2.2 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]	
IFRS 15	*Revenue from Contracts with Customers*[1]	
Amendments to IFRS 15	*Clarifications to IFRS 15 Revenue from Contracts with Customers*[1]	
IFRS 16	*Leases*[2]	
IFRS 17	*Insurance Contracts*[3]	
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*[2]	
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*[2]	
Amendments to IAS 40	*Transfers of Investment Property*[1]	
IFRIC 22	*Foreign Currency Transactions and Advance Consideration*[1]	
IFRIC 23	*Uncertainty over Income Tax Treatments*[2]	
Annual Improvements to IFRSs 2014-2016 Cycle	*Amendments to the following standards:*	
	− IFRS 1	*First-time Adoption of International Financial Reporting Standards*[1]
	− IAS 28	*Investments in Associates and Joint Ventures*[1]
Annual Improvements to IFRSs 2015-2017 Cycle	*Amendments to the following standards:*	
	− IFRS 3	*Business Combinations*[2]
	− IFRS 11	*Joint Arrangements*[2]
	− IAS 12	*Income Taxes*[2]
	− IAS 23	*Borrowing Costs*[2]

1 Effective for annual period beginning on or after 1 January 2018

2 Effective for annual period beginning on or after 1 January 2019

3 Effective for annual period beginning on or after 1 January 2021

4 No mandatory effective date yet determined but available for adoption

3 OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group's business which includes property development and leasing and commercial property management by project locations for the purpose of making decisions about resource allocation and performance assessment, while no single location's revenue, net profit or total assets exceeds 10% of the Group's consolidated revenue, net profit or total assets. As all the locations have similar economic characteristics and are similar in the nature of property development and leasing and management, the nature of the aforementioned business processes, the type or class of customer for the aforementioned business and the methods used to distribute the properties or provide the services, thus all locations were aggregated as one reportable operating segment.

Geographical information

No geographical information is presented as the Group's revenue from the external customers is derived solely from its operation in Mainland China and no non-current assets of the Group are located outside Mainland China.

Information about major customers

No sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue at the end of each reporting period.

4 REVENUE, OTHER INCOME AND GAINS

Revenue represents income from the sale of properties, property management service income, and rental income during the reporting year.

An analysis of revenue, other income and gains is as follows:

	2017	**2016**
	RMB'000	**RMB'000**
Revenue		
Sale of properties	19,882,015	14,534,660
Rental income	71,354	49,227
Property management service income	38,816	18,772
Others	2,876	861
	19,995,061	14,603,520

4 REVENUE, OTHER INCOME AND GAINS (CONTINUED)

	2017 RMB'000	2016 RMB'000
Other income and gains		
Gain on disposal of items of property, plant and equipment	438	961
Gain on disposal of subsidiaries	1,708	—
Interest income	138,182	36,538
Forfeiture of deposits	10,257	8,644
Others	3,636	2,499
	154,221	48,642

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2017 RMB'000	2016 RMB'000
Interest on bank and other borrowings	2,806,763	2,965,111
Interest on corporate bond	141,582	30,987
Less: Interest capitalised	(2,396,806)	(2,640,026)
	551,539	356,072

6. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group's subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong are not liable for income tax as they did not have any assessable profits currently arising in Hong Kong for the year ended 31 December 2017.

Subsidiaries of the Group operating in Mainland China are subject to PRC corporate income tax rate at a of 25% for the year.

LAT 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 land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant Mainland China tax laws and regulations. The LAT provision is subject to the final review and approval by the local tax bureau.

	2017 RMB'000	2016 RMB'000
Current tax:		
PRC corporate income tax	848,245	741,022
PRC LAT	610,225	548,426
Deferred tax	(230,285)	(167,762)
Total tax charge for the year	1,228,185	1,121,686

7. DIVIDENDS

	2017 RMB'000	2016 RMB'000
Proposed final - HK0.10 (2016: Nil) per ordinary share	329,918	—

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 2,999,974,584 (2016: 2,999,950,001) in issue during the year.

The weighted average number of ordinary shares used to calculate the basic earnings per share amounts for the years ended 31 December 2016 and 2017 was based on 1 share of the Company as at 1 January 2016, 49,999 shares of the Company issued in the year ended 31 December 2017, and 2,999,950,000 ordinary shares of the Company issued under the capitalisation issue occurred after the reporting period, as if these additional shares issued under the capitalisation issue had been in issue throughout the years ended 31 December 2017 and 2016.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2017 and 2016 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2017 and 2016.

The calculations of the basic and diluted earnings per share amounts are based on:

	2017 RMB'000	2016 RMB'000
Earnings		
Profit attributable to ordinary equity holders of the Company	1,408,876	1,183,256
Shares		
Weighted average number of ordinary shares in issue during the year	2,999,974,584	2,999,950,001
Earnings per share		
Basic and diluted	RMB0.47	RMB0.39

9. TRADE RECEIVABLES

	2017 RMB'000	2016 RMB'000
Trade receivables	15,605	10,205
Impairment	—	—
	15,605	10,205

Trade receivables mainly represent rentals receivable from tenants. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

Trade receivables are unsecured and non-interest-bearing. The carrying amounts of trade receivables approximate to their fair values. An aging analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	2017 RMB'000	2016 RMB'000
Less than 1 year	11,693	10,205
Over 1 year	3,912	—
	15,605	10,205

9. TRADE RECEIVABLES (CONTINUED)

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

10. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2017 RMB'000	2016 RMB'000
Prepayments related to land use rights	4,919,534	—
Deposits	2,653,754	696,731
Prepayments for acquisition of land use rights	2,252,435	305,786
Other tax recoverable	1,336,866	1,280,497
Due from non-controlling shareholders of the subsidiaries	479,138	571,270
Prepayments for construction cost	85,362	49,283
Prepayments for investment in a joint venture	—	116,141
Other receivables	88,469	72,166
	11,815,558	3,091,874

Prepayments, deposits and other receivables are unsecured, non-interest-bearing and have no fixed terms of repayment. There was no provision made for impairment of prepayments, deposits and other receivables during the reporting period.

11. TRADE AND BILLS PAYABLES

An aging analysis of the Group's trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2017 RMB'000	2016 RMB'000
Within 1 year	5,461,411	5,428,244
Over 1 year	78,441	78,197
	5,539,852	5,506,441

Trade payables are unsecured and interest-free and are normally settled based on the progress of construction.

12. **OTHER PAYABLES AND ACCRUALS**

	2017 RMB'000	2016 RMB'000
Deposits related to land use rights	2,737,349	—
Advances from non-controlling shareholders of subsidiaries	851,470	68,600
Retention deposits related to construction	351,086	512,420
Interest payable	161,731	102,067
Payroll and welfare payable	112,288	74,463
Deposits related to sales of properties	78,950	37,329
Business tax and surcharges	69,405	43,390
Maintenance fund	61,970	78,520
Advances from employees	145	697
Others	46,850	50,547
	4,471,244	968,033

Other payables and advances from non-controlling shareholders of subsidiaries are unsecured, non-interest-bearing and repayable on demand. The fair values of other payables at the end of the reporting period approximated to their corresponding carrying amounts.

CHAIRMAN’S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present you the annual results of Zhenro Properties Group Limited for the year ended December 31, 2017.

RESULTS

The Group completed its initial public offering (“**IPO**”) in early 2018 and was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on January 16, 2018. The Group has been widely recognized by the capital market since its IPO for its sound performance during the past year of 2017.

In 2017, the Group achieved a rapid growth. The Group’s revenue increased by approximately 36.9% from RMB14,603.5 million for the year ended December 31, 2016 to RMB19,995.1 million for the year ended December 31, 2017. Profit and total comprehensive income attributable to owners of the Company increased by approximately 19.1% from RMB1,183.3 million for the year ended December 31, 2016 to RMB1,408.9 million for the year ended December 31, 2017. Core net profit increased by 57.5% from RMB797.6 million for the year ended December 31, 2016 to RMB1,256.0 million for the year ended December 31, 2017. In addition, the Group issued unsecured perpetual bonds in the aggregate principal amount of RMB3.0 billion in 2017, which further provided it with additional access to external financing.

BUSINESS REVIEW of 2017

During the past year, the real estate market in China remained significantly unsure and fluctuating. The PRC government has continued to implement stringent control measures. In particular, in overheated cities, tightened policies restricting purchases, mortgages and sales have been implemented. However, given the entire sizable PRC real estate market, housing demand in most second- and third-tier cities remains strong.

The Group has established a nationwide presence with primary focuses on four core business regions, namely Yangtze River Delta Economic Region, Midwest China Economic Region, Bohai Economic Rim and Western Taiwan Straits Economic Zone. Its existing market position and the strategic locations it has secured have well positioned the Group to continue to capitalize on the great growth potential of the PRC real estate market.

In 2017, the Group continued its nationwide expansion and entered into five new cities, including Zhengzhou, Hefei, Jinan, Jiaxing and Chuzhou. It acquired a total of 23 new land parcels in 2017, mainly in Hefei, Suzhou, Putian, Pingtan, Jinan and Jiaxing. It also cooperated with third-party business partners to jointly acquire 18 new land parcels in cities including Suzhou, Hefei, Tianjin, Nanjing, Shanghai, Nanchang and Wuhan.

As of December 31, 2017, the Group's total land bank was over 12 million sq.m. on an attributable basis, strategically locating in 18 cities in four core business regions, including Shanghai, Nanjing, Suzhou, Hefei, Wuhan, Changsha, Xi'an, Tianjin, Fuzhou, Nanchang and Zhengzhou.

Outlook for 2018

The Group believes that the PRC government's control measures have been proved effective, evidenced by the slowing down of housing price growth nationwide in 2017, especially in those overheated cities. It is unlikely that more extreme control measures would be imposed in the near future. Nevertheless, the current control environment may continue for a prolonged term before efficient long-term control mechanism is well established, such as rental homes currently promoted by the PRC government.

It is believed that large-scale urbanization and the rise and relocation of middle-class in China, rather than the financing or administrative policies, are the fundamental growth drivers of the PRC real estate market.

As such, the Group upholds its brand position of "home upgrade master (改善大師)" with a vision of introducing quality residences with a gross floor area ("**GFA**") ranging from 90 sq.m. to 200 sq.m. to affluent mid- to high-end customers with home-upgrade demand. The Group believes these customers have relatively high disposable income and strong purchasing power and place higher priority on quality rather than price in their property purchase decision making process. To implement its market positioning strategy, the Group has developed four product series of residential property projects, namely the "優家 (Great Home)" series, the "精工 (Craftsman)" series, the "大師 (Masterpiece)" series and the "典藏 (Collection)" series, each targeting different segments of our target customers. "Great Home" series targets mainly first-time home buyers and "Craftsman" series focuses primarily on the demand of first-time home upgraders and middle class first-time home buyers, who represent a majority of the Group's target customers. "Masterpiece" series mainly targets mid-to-high home upgraders for their second and subsequent home upgrades. "Collection" series is positioned as luxury home collection for the Group's target high-end customers.

Similarly, the Group's commercial property portfolios comprised of three product lines, the "財富中心 (Fortune Center)" series, the "時代廣場 (Times Plaza)" series and "正榮街 (Zhenro Street)" series, each with its own positioning and floor size. The Group believes such market positioning strategy best leverages its property development capabilities and helps it maintain sustainable growth in current market conditions.

Since its IPO, the Group has endeavored to further optimize its debt structure, broaden financing channels and continue to enhance financial strengths.

Success lies in the ability to understand and leverage market trends. In 2018, the Group is ready to face the challenges and changes. To support a sustainable development, it will closely monitor and adapt to the evolving market trends and will strive to achieve recognition by the real estate industry and capital market and capture opportunities taking advantage of its integrity, quality and responsibility.

Appreciation

Finally, on behalf of the Board, I would like to express our sincere appreciation to all shareholders for their support, and all employees for their dedication and hard work in the past year. In 2018, we will continue to uphold our core value of "prosperity from integrity" and achieve a sustainable and healthy growth, so as to bring our shareholders economic returns and develop ourselves into a respectful and sustainable competitive enterprise.

Zhenro Properties Group Limited

HUANG Xianzhi
Chairman

Shanghai, China
March 28, 2018

MANAGEMENT DISCUSSION AND ANALYSIS

PERFORMANCE HIGHLIGHTS

	For the Year Ended December 31,		Year-over-Year
	2017	2016	Change
Contracted sales [1]			
Contracted sales (RMB millions)	70,153	39,292	78.5%
Contracted GFA sold (sq.m.)	3,795,355	1,875,953	102.3%
Contracted ASP (RMB/sq.m.)	18,484	20,945	(11.7)%
Selected financial information (RMB millions)			
Revenue	19,995	14,604	36.9%
Cost of sales	15,778	11,434	38.0%
Gross profit	4,217	3,170	33.1%
Profit before tax	2,750	2,365	16.3%
Profit and total comprehensive income for the year	1,521	1,243	22.4%
Attributable to:			
Owners of the Company	1,409	1,183	19.1%
Non-controlling interest	112	60	87.6%
Gross profit margin (%)	21.1%	21.7%	(0.6)%
Core net profit [2]	1,256	798	57.5%

	As of December 31,		Year-over-Year
	2017	2016	Change
Total assets (RMB millions)	106,422	86,759	22.7%
Total liabilities (RMB millions)	94,198	77,769	21.1%
Total equity (RMB millions)	12,224	8,990	36.0%
Equity attributable to owners of the Company (RMB millions)	8,179	7,975	2.6%
Current ratio [3]	1.3	1.5	
Net gearing ratio [4]	183.2%	206.0%	

Notes:

(1) Includes contracted sales by the Group's subsidiaries, joint ventures and associated companies. Contracted sales data is unaudited and is based on internal information of the Group. Contracted sales data may be subject to various uncertainties during the process of collating such sales information and is provided for investors' reference only.

(2) Defined as net profit excludes fair value gains/losses and net of deferred taxes.

(3) Current ratio equals to current assets divided by current liabilities as of the end of the year.

(4) Net gearing ratio equals to total borrowings less cash and bank balances divided by total equity as of the end of the year and multiplied by 100.

Property Development

Contracted Sales

For the year ended December 31, 2017, the Group recorded contracted sales of RMB70,153.4 million, representing a 78.5% year-over-year increase from 2016, which was primarily due to the increase in salable GFA accumulated by the Group in first- and second-tier cities in the past several years by executing the Group's development strategies.

For the year ended December 31, 2017, total contracted GFA sold amounted to approximately 3.8 million sq.m., representing an increase of approximately 102.3% from approximately 1.9 million sq.m. for the year ended December 31, 2016. Contracted average selling price ("**ASP**") for the year ended December 31, 2017 was approximately RMB18,484 per sq.m., compared with RMB20,945 per sq.m. for the year ended December 31, 2016. The decrease was primarily due to the increase in the proportion of GFA with a relatively lower ASP among total contracted GFA in 2017.

Contracted sales from Yangtze River Delta Economic Region, Midwest China Economic Region, Bohai Economic Rim and Western Taiwan Straits Economic Zone contributed to approximately 45.2%, 5.9%, 6.8% and 42.1%, respectively, of the Group's total contracted sales in 2017.

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

	Contracted GFA Sold	Contracted Sales	Contracted ASP	% of Contracted Sales
	sq.m.	RMB'000	RMB/sq.m.	%
Yangtze River Delta Economic Region	1,192,184	31,706,344	26,595	45.2%
Midwest China Economic Region	383,828	4,161,566	10,842	5.9%
Bohai Economic Rim	191,443	4,754,747	24,836	6.8%
Western Taiwan Straits Economic Zone	2,027,901	29,530,733	14,562	42.1%
Total	3,795,355	70,153,390	18,484	100.0%

Advances from customers amounted to approximately RMB39,324.1 million for the year ended December 31, 2017, representing an increase of 20.6% from approximately RMB32,612.8 million for the year ended December 31, 2016. Such advances from customers represents the proceeds received from customers in connection with our pre-sale of properties, which formed a solid basis for the Group's future growth in recognized revenue.

Revenue Recognized from Sales of Properties

Revenue recognized from sales of properties increased by approximately 36.8% from RMB14,534.7 million for the year ended December 31, 2016 to RMB19,882.0 million for the year ended December 31, 2017, accounting for 99.4% of the Group's total revenue. Total completed and delivered GFA amounted to 1.5 million sq.m. in 2017, representing a 21.2% from 2016. The Group's recognized ASP from sales of properties was approximately RMB13,116 per sq.m. in 2017, representing a 12.9% increase from RMB11,617 per sq.m. in 2016, primarily due to the Group's further penetration in Yangtze River Delta Economic Region and Bohai Economic Rim, where prevailing market prices of properties are relatively higher.

The increase in revenue recognized from sales of properties was primarily due to (i) more GFA completed and delivered as a result of the Group's continuing expansion, and (ii) an overall increase in the ASP recognized in 2017.

During the year of 2017, the properties delivered by the Group included Tianjin Zhenro Jade Bay (天津正榮•潤璟灣), Shanghai Hongqiao Zhenro Center (上海虹橋•正榮中心) and Nanjing Zhenro Splendid Land 2 (南京正榮•潤錦城) and others. The following table sets forth the details of the revenue recognized from the sales of properties of the Group by geographical location for the periods indicated.

	Recognized Revenue from Sales of Properties		% of Recognized Revenue from Sale of Properties		Total GFA Delivered		Recognized ASP	
	RMB'000	RMB'000	%	%	sq.m.	sq.m.	RMB/ Sq.m.	RMB/ Sq.m.
	2017	2016	2017	2016	2017	2016	2017	2016
Yangtze River Delta Economic Region	10,087,757	5,560,628	50.8	58.5	474,639	290,755	21,254	19,125
Western Taiwan Straits Economic Zone	7,373,677	8,502,426	37.1	38.3	849,565	849,790	8,679	10,005
Bohai Economic Rim	2,294,750	—	11.5	—	171,606	—	13,372	—
Midwest China Economic Region	125,831	471,606	0.6	3.2	20,075	110,572	6,268	4,265
Total	19,882,015	14,534,660	100.0	100.0	1,515,885	1,251,117	13,116	11,617

Completed Properties Held for Sale

Properties held for sale represent completed properties remaining unsold at the end of each financial period and are stated at the lower of cost and net realizable value. Cost of properties held for sale is determined by an apportionment of related costs incurred attributable to the unsold properties.

As of December 31, 2017, the Group had completed properties held for sale of RMB16,103.1 million, representing a 69.0% increase from RMB9,526.7 million as of December 31, 2016. The increase was primarily due to the increased number of completed properties in 2017. The Group has obtained the construction completion certificates in respect of all completed properties held for sale.

Properties Under Development

Properties under development are intended to be held for sale after completion. Properties under development are stated at the lower of cost comprising land costs, construction costs, capitalized interests and other costs directly attributable to such properties incurred during the development period and net realizable value. Upon completion, the properties are transferred to completed properties held for sale.

As of December 31, 2017, the Group had properties under development of RMB40,802.8 million, representing an 8.7% increase from RMB37,524.4 million as of December 31, 2016. The increase was primarily because the Group continued to accelerate its property development activities which resulted in an increase in properties under development in 2017.

PROPERTY INVESTMENT

Rental Income

The Group's rental income for the year ended December 31, 2017 was approximately RMB71.4 million, representing a 44.9% increase from 2016. The increase was primarily due to the continued growth of our investment properties completed and put in operation, in particular, the commencement of operation of Fuzhou Zhenro Fortune Center in late 2016.

Investment Properties

As of December 31, 2017, the Group had 11 investment properties with a total GFA of approximately 761,722 sq.m. Out of such investment properties portfolio of the Group, 6 investment properties with a total GFA of approximately 469,193 sq.m. had commenced leasing.

LAND BANK

In 2017, the Group continued its nationwide expansion and entered into five new cities. It acquired a total of 41 new land parcels with a total site area of approximately 2.6 million sq.m. and an aggregate estimated GFA of approximately 7.1 million sq.m. The following table sets forth details of the Group's newly acquired land parcels during the year ended December 31, 2017.

Properties developed by the Group and its subsidiaries

City	Land Parcel/Project Name	Land Use	Site Area	Estimated Total GFA	Land Premium	Average Land Cost (Based on the Estimated Total GFA)
			sq.m.	sq.m.	RMB millions	RMB/sq.m.
Yangtze River Delta Economic Region						
Jiaxing	Jiaxing No. 2017 Jiaxiuzhou-044	Residential/retail	72,100	183,878	878	4,776
Jiaxing	Jiaxing No.2017-101	Residential	39,984	68,156	268	3,935
Chuzhou	Chuzhou Zhenro Mansion	Residential/retail	80,867	189,809	413	2,176
Suzhou	Suzhou No. Sudi 2016-WG-77 Parcel B	Residential	24,583	77,799	2,398(1)	10,661
Suzhou	Suzhou No. Sudi 2016-WG-77 Parcel C	Residential	30,760	94,636	/	10,661
Suzhou	Suzhou No. Sudi 2016-WG-77 Parcel A	Retail/SOHO and office	7,239	52,493	/	10,661
Suzhou	Suzhou Miles Splendid Garden	Residential/retail	98,783	170,241	459	2,699
Suzhou	Suzhou Tian Qin Elegance Garden	Residential/retail	21,638	48,960	119	2,426
Suzhou	Suzhou Zhengro Xiangshan Piedmont Garden	Residential	39,098	58,084	182	3,130
Heifei	Hefei Cpital Yue	Residential/retail/SOHO and office	120,705	358,892	1,954	5,444
Hefei	Hefei City 1907	Residential/SOHO and office	111,380	192,568	1,805	9,373
Hefei	Hefei Zhenro Mansion	Residential	38,221	103,391	850	8,221
Midwest China Economic Region						
Xi'an	Xi'an Zhenro Mansion Phase I Parcel A	Residential	24,150	108,002	175	1,620
Xi'an	Xi'an Zhenro Mansion Phase I Parcel A	Retail/SOHO and office	15,172	103,091	149	1,449
Western Taiwan Straits Economic Zone						
Fuzhou	Fuzhou Zhenro Yuejingtai	Residential	35,164	154,554	385	2,488
Fuzhou	Mawei No. Mazhongdi 2017-07	Residential	36,014	46,583	478	10,253
Fuzhou	Mawei Zhenro Yue Jiang Bay	Residential	47,200	144,409	393	2,721
Pingtan	Pingtan Zhenro Mansion Phase 1	Residential/retail	66,560	239,620	1,100	4,591
Pingtan	Pingtan Zhenro Mansion Phase 2	Residential/retail	52,321	195,704	1,066	5,447
Putian	Putian No. PS Pai-2017-10	Residential	79,698	159,487	980	6,145
Putian	Putian Binxi Zhenro Mansion	Residential/retail	23,926	65,850	359	5,452
Putian	Putian Shishi Zhenro Mansion	Residential	33,942	115,598	363	3,140
Putian	Putian No. PS Pai-2017-11	Residential/retail/SOHO and office	39,848	101,703	478	4,700
Nanchang	Nanchang No. DBA2017077	Residential/retail	60,732	162,760	403	2,476
Bohai Economic Rim						
Jinan	Jinan No. 2017-G121	Residential/retail	57,785	199,867	683	3,418
Jinan	Jinan No. 2017-G122	Residential/retail	23,013	72,789	816	11,210
Sub-total			1,280,881	3,468,925	17,154	4,945

Properties developed by the Group's joint ventures and associated companies

City	Land Parcel/Project Name	Land Use	Site Area	Estimated Total GFA	Land Premium	Average Land Cost (Based on the Estimated Total GFA)	Attributable Interest
			sq.m.	sq.m.	RMB millions	RMB/sq.m.	
Yangtze River Delta Economic Region							
Shanghai	Shanghai No. 201419370776439142	Retail/SOHO and office	70,857	307,227	1,430	4,655	20.0%
Jiaxing	Jiaxing Zhongnan Zhenro Haishang Mingyue	Residential/retail	33,424	84,748	345	4,071	50.0%
Jiaxing	Jiaxing Canal Mansion	Residential/retail	63,568	147,768	442	2,994	50.0%
Nanjing	Nanjing No. 320115001022GB00780-GB00784	Residential/retail/SOHO and office	54,311	248,880	1,700	6,831	20.0%
Suzhou	Suzhou Jinhui Zhenro Four Seasons	Residential	32,044	82,018	510	6,221	49.0%
Suzhou	Suzhou No. WJ-J-2017-017	Residential/retail	5,759	14,386	33	2,260	50.0%
Suzhou	Suzhou No. WJ-J-2017-016	Residential	7,585	21,534	31	1,415	50.0%
Suzhou	Suzhou Yuzhou Zhaoshang Shili	Residential/retail	128,313	312,090	1,418	4,746	20.0%
Suzhou	Suzhou Lanxi Bay Garden	Residential	66,738	122,638	908	7,401	36.0%
Hefei	Hefei Country Garden Zhenro Jade Yue	Residential/SOHO and office	44,787	115,773	417	3,598	49.0%
Hefei	Hefei Century World	Residential SOHO and office	130,918	379,421	2,089	5,506	33.0%
Midwest China Economic Region							
Zhengzhou	Zhengzhou Xuhui Zhenro Capital Mansion	Residential/retail	69,439	221,307	989	4,468	24.0%
Wuhan	Wuhan Qingneng Zhenro Mansion	Residential/retail	156,511	578,645	1,048	1,811	5.0%
Bohai Economic Rim							
Tianjin	Tianjin No. Jinbinbeitanggua 2017-1-A/B/C/D/E/F/G/H/I/J	Residential/retail	149,245	219,707	1,974	8,985	13.0%
Tianjin	Tianjin No. Jindongxingua 2016-071	Residential/retail	45,511	206,300	389	1,884	14.0%
Western Taiwan Straits Economic Zone							
Fujian	Fujian Zhenro Yue Long Bay	Residential/retail	66,706	179,745	263	1,463	36.0%
Nanchang	Nanchang Garden	Residential/retail	90,420	240,926	728	3,023	19.0%
Nanchang	Nanchang Zhenro Linlong Mansion	Residential/retail	72,103	181,797	580	3,190	25.0%
Sub-total			1,288,241	3,664,909	15,356	4,190	
Total			2,569,122	7,133,833	32,510	4,557	

Note:

(1) Represents the aggregate site area of Suzhou No. Sudi 2016-WG-77 Parcel A, B and C.

Total contractual land premium for the newly acquired land parcels in 2017 was approximately RMB32,509.6 million. The average cost of land parcels acquired in 2017 was approximately RMB4,557 per sq.m.

As such, as of December 31, 2017, the Group had a total of 91 property projects located in 18 cities. Among these properties, 71 projects were developed and owned by the Group and 20 were developed by the Group's joint venture and associated companies. The Group had a total land bank of over 15 million sq.m. in GFA, or over 12 million sq.m. on an attributable basis, as of December 31, 2017.

Total land bank represents the sum of (i) total GFA available for sale and total leasable GFA for completed properties, (ii) total GFA for properties under development and (iii) total GFA for properties held for future development.

The following table sets forth details of the Group's land bank by regions as of December 31, 2017.

Regions		Number of Projects	Completed GFA Available for Sale/Leasable GFA	GFA under Development	Planned GFA of Future Development	Total Land Bank	% of Total Land Bank
			sq.m.	sq.m.	sq.m.	sq.m.	%
Properties developed by the Group and its subsidiaries							
Yangtze River Delta Economic Region							
1	Shanghai	5	245,339	257,914	233,617	736,870	4.8%
2	Nanjing	4	273,565	876,602	—	1,150,167	7.5%
3	Suzhou	9	203,579	637,228	368,339	1,209,146	9.0%
4	Hefei	3	—	439,839	551,460	991,299	6.5%
5	Jiaxing	2	—	—	252,033	252,033	1.7%
6	Chuzhou	1	—	46,242	143,567	189,809	1.2%
	Sub-total	24	722,483	2,257,825	1,549,017	4,529,325	29.7%
Midwest China Economic Region							
7	Wuhan	1	—	160,505	35,656	196,161	1.3%
8	Changsha	2	80,357	215,908	664,850	961,115	6.3%
9	Xi'an	2	—	335,038	—	335,038	2.2%
	Sub-total	5	80,357	711,451	700,506	1,492,314	9.8%
Bohai Economic Rim							
10	Tianjin	3	10,566	273,634	113,483	397,683	2.6%
11	Jinan	2	—	—	272,656	272,656	1.8%
	Sub-total	5	10,566	273,634	386,139	670,338	4.4%

Regions		Number of Projects	Completed GFA Available for Sale/Leasable GFA	GFA under Development	Planned GFA of Future Development	Total Land Bank	% of Total Land Bank
			sq.m.	sq.m.	sq.m.	sq.m.	%
Western Taiwan Straits Economic Zone							
12	Fuzhou	10	88,878	540,823	345,545	975,246	6.4%
13	Nanping	1	29,282	188,297	260,076	477,655	3.1%
14	Pingtan	5	97,318	376,971	195,704	669,993	4.4%
15	Nanchang	7	47,506	179,685	281,295	508,486	3.3%
16	Putian	12	264,720	750,314	436,959	1,451,994	9.5%
17	Yichun	2	5,874	77,484	—	83,357	0.5%
	Sub-total	37	533,578	2,113,574	1,519,579	4,166,731	27.3%
	Sub-total	71	1,346,984	5,356,484	4,155,240	10,858,708	71.2%
Properties developed by the Group's joint ventures and associated companies							
Yangtze River Delta Economic Region							
	Shanghai	1	—	—	307,227	307,227	2.0%
	Jiaxing	2	—	232,514	—	232,514	1.5%
	Nanjing	1	—	—	248,880	248,880	1.6%
	Suzhou	5	—	552,666	—	552,666	3.7%
	Heifei	2	—	395,273	99,922	495,194	3.2%
	Sub-total	11	—	1,180,453	656,029	1,836,481	12.0%
	Attributable sub-total		—	429,937	144,196	574,133	

Regions	Number of Projects	Completed GFA Available for Sale/Leasable GFA	GFA under Development	Planned GFA of Future Development	Total Land Bank	% of Total Land Bank
		sq.m.	sq.m.	sq.m.	sq.m.	%
Midwest China Economic Region						
18 Zhengzhou	1	—	81,118	140,189	221,307	1.5%
Wuhan	2	—	—	967,776	967,776	6.3%
Changsha	1	—	304,991	41,359	346,350	2.3%
Sub-total	4	—	386,109	1,149,324	1,535,433	10.1%
Attributable sub-total		—	171,964	277,823	449,786	
Bohai Economic Rim						
Tian jin	2	—	—	426,007	426,007	2.8%
Sub-total	2	—	—	426,007	426,007	2.8%
Attributable sub-total		—	—	56,345	56,345	
Western Taiwan Straits Economic Zone						
Fuzhou	1	—	65,364	114,381	179,745	1.2%
Nanchng	2	—	422,724	—	422,724	2.7%
Sub-total	3	—	488,088	114,381	602,468	3.9%
Attributable sub-total		—	114,756	41,177	155,933	

Regions	Number of Projects	Completed GFA Available for Sale/Leasable GFA	GFA under Development	Planned GFA of Future Development	Total Land Bank	% of Total Land Bank
		sq.m.	sq.m.	sq.m.	sq.m.	%
Properties developed by the Group's joint ventures and associated companies	20	—	2,054,649	2,345,740	4,400,389	28.8%
Properties developed by the Group's joint ventures and associated companies on an attributable basis		—	716,657	519,541	1,236,198	
Total land bank	91	1,346,984	7,411,133	6,500,981	15,259,098	100.0%
Total land bank on an attributable basis		1,346,984	6,073,141	4,674,781	12,094,906	

The following table sets forth details of the Group's land bank by projects as of December 31, 2017.

	Project Names	City	Interest Attributable to the Group	Primary Intended Use of the Project	Site Area	Actual/Estimated Construction Completion Date	Total Land Bank[1]
					sq.m.		**sq.m.**
Properties developed by the Group and its subsidiaries							
Yangtze River Delta Economic Region							
1	Shanghai Hongqiao Zhenro Mansion Phase I	Shanghai	100.0%	Residential/retail	35,759	June 2017	32,146
	Shanghai Hongqiao Zhenro Mansion Phase I	Shanghai	100.0%	Residential	22,564	December 2017	32,459
2	Shanghai Hongqiao Fortune Center	Shanghai	100.0%	Retail	24,039	May 2021	106,112
3	Shanghai Hongqiao Zhenro Center Phase I	Shanghai	100.0%	Retail/SOHO and office	50,585	December 2016	66,371
	Shanghai Hongqiao Zhenro Center Phase II	Shanghai	100.0%	Retail/SOHO and office	23,110	November 2018	89,625
4	Shanghai Zhenro Royal Kingdom Phase I	Shanghai	100.0%	Residential/retail	55,274	May 2016	30,036
	Shanghai Zhenro Royal Kingdom Phase II	Shanghai	100.0%	Residential	54,748	November 2017	59,276
5	Shanghai Zhenro The Capital of Jinshan Phase I	Shanghai	100.0%	Residential	60,692	June 2016	2,500
	Shanghai Zhenro The Capital of Jinshan Phase II	Shanghai	100.0%	Residential	43,045	July 2018	111,603

	Project Names	City	Interest Attributable to the Group	Primary Intended Use of the Project	Site Area	Actual/Estimated Construction Completion Date	Total Land Bank[1]
					sq.m.		sq.m.
	Shanghai Zhenro The Capital of Jinshan Phase III	Shanghai	100.0%	Retail/SOHO and office	41,948	May 2021	127,505
6	Shanghai Zhenro Fontainebleau Phase I	Shanghai	100.0%	Residential/retail	33,008	December 2016	530
	Shanghai Zhenro Fontainebleau Phase II	Shanghai	100.0%	Residential/retail	32,000	November 2017	22,022
	Shanghai Zhenro Fontainebleau Phase III	Shanghai	100.0%	Residential	37,798	February 2019	56,686
	Shanghai sub-total				514,570		736,870
6	Jiaxing No.2017 Jiaxiuzhou-044	Jiaxing	100.0%	Residential/retail	72,100	August 2020	183,878
7	JiaxingNo.2017-101	Jiaxing	100.0%	Residential	39,984	October 2020	68,156
	Jiaxing sub-total				112,084		252,033
8	Nanjing Zhenro Riverside Wonderland	Nanjing	100.0%	Residential/retail	71,345	December 2018	118,806
9	Nanjing Zhenro Splendid Land	Nanjing	100.0%	Residential/retail	105,353	January 2019	268,051
10	Nanjing Zhenro Royal Fame	Nanjing	100.0%	Residential/retail	84,545	May 2019	304,366

	Project Names	City	Interest Attributable to the Group	Primary Intended Use of the Project	Site Area	Actual/Estimated Construction Completion Date	Total Land Bank[1]
					sq.m.		sq.m.
11	Nanjing Zhenro Riverside Violet Mansion Parcel A	Nanjing	100.0%	Residential/retail	83,048	December 2020	163,056
	Nanjing Zhenro Riverside Violet Mansion Parcel B	Nanjing	100.0%	Retail/SOHO and office	/	December	295,890
	Nanjing sub-taoal				344,291		1,150,167
12	Chuzhou Zhenro Mansion	Chuzhou	100.0%	Residential/retail	80,867	April 2021	189,809
	Chuzhou sub-total				80,867		189,809
13	Suzhou Zhenro Royal Kingdom	Suzhou	100.0%	Residential/retail	107,542	December 2018	45,836
14	Suzhou Zhenro Happiness Town Phase I	Suzhou	100.0%	Residential/retail	48,866	August 2017	128,730
	Suzhou Zhenro Happiness Town Phase II	Suzhou	100.0%	Residential/retail	35,812	August 2017	31,389
15	Suzhou Zhenro Top Mountain	Suzhou	100.0%	Residential	65,679	May 2018	133,632
16	Suzhou Zhenro Majestic Garden	Suzhou	100.0%	Residential/retail	29,531	December 2018	56,389
17	Suzhou Yue Tang Bay Garden House	Suzhou	100.0%	Residential	105,210	September 2020	310,956

	Project Names	City	Interest Attributable to the Group	Primary Intended Use of the Project	Site Area	Actual/Estimated Construction Completion Date	Total Land Bank[1]
					sq.m.		sq.m.
18	Suzhou No. Sudi2016-WG-77 Parcel B	Suzhou	100.0%	Residential	24,583	November 2019	77,799
	Suzhou No. Sudi2016-WG-77 Parcel C	Suzhou	100.0%	Residential	30,760	May 2019	94,636
	Suzhou No. Sudi2016-WG-77 Parcel A	Suzhou	100.0%	Retail/SOHO and office	7,239	March 2020	52,493
19	Suzhou Miles Splendid Garden	Suzhou	100.0%	Residential/retail	98,783	December 2019	170,241
20	Suzhou Tian Qin Elegance Garden	Suzhou	100.0%	Residential/retail	21,638	November 2019	48,960
21	Suzhou Zhenro Xiangshan Piedmont Garden	Suzhou	100.0%	Residential	39,098	December 2019	58,084
	Suzhou sub-total				614,741		1,209,146
22	Hefei Capital Yue	Hefei	100.0%	Residential/retail/SOHO and office	120,705	May 2020	598,397
23	Hefei City 1907	Hefei	100.0%	Residential/SOHO and office	111,380	July 2020	289,511
24	Hefei Zhenro Mansion	Hefei	100.0%	Residential	38,221	October 2020	103,391
	Hefei sub-total				270,305		991,299

Project Names	City	Interest Attributable to the Group	Primary Intended Use of the Project	Site Area	Actual/Estimated Construction Completion Date	Total Land Bank[1]
				sq.m.		sq.m.
Midwest China Economic Region						
25 Wuhan Zhenro Mansion Parcel A	Wuhan	100.0%	Residential/retail	39,235	September 2019	160,505
Wuhan Zhenro Mansion Parcel B	Wuhan	100.0%	SOHO and office	9,501	September 2018	35,656
Wuhan sub-total				48,736		196,161
26 Xi'an Zhenro Rainbow Valley	Xi'an	100.0%	Retail/SOHO and office	30,422	March 2018	123,945
27 Xi'an Zhenro Mansion Phase I (Parcel QJ10-8-484)	Xi'an	100.0%	Residential	24,150	April 2020	108,002
Xi'an Zhenro Mansion Phase I (Parcel QJ10-8-485)	Xi'an	100.0%	Retail/SOHO and office	15,172	May 2020	103,091
Xi'an sub-total				69,743		335,038
28 Changsha Zhenro Fortune Center (1-5#)	Changsha	100.0%	Residential/retail	48,021	February 2018	47,085
Changsha Zhenro Fortune Center (6-10#)	Changsha	100.0%	Residential/retail	/	May 2018	99,908

	Project Names	City	Interest Attributable to the Group	Primary Intended Use of the Project	Site Area	Actual/Estimated Construction Completion Date	Total Land Bank[1]
					sq.m.		sq.m.
	Changsha Zhenro Fortune Center (Commercial and Office)	Changsha	100.0%	Retail/SOHO and office	97,199	March 2020	115,742
	Changsha Zhenro Fortune Center (Residential)	Changsha	100.0%	Residential/retail	/	October 2019	362,861
29	Changsha Binjiang Zhenro Mansion	Changsha	100.0%	Residential/retail/SOHO and office	106,652	May 2021	335,519
	Changsha sub-total				251,872		961,115
	Bohai Economic Rim						
30	Tianjin Zhenro Jade Bay Phase I	Tianjin	100.0%	Residential/retail	66,955	December 2016	2,491
	Tianjin Zhenro Jade Bay Phase II	Tianjin	100.0%	Residential/retail	60,742	June 2018	11,062
31	Tianjin Zhenro Zhenro Mansion Phase I	Tianjin	100.0%	Residential/retail	111,524	November 2019	270,646
	Tianjin Zhenro Zhenro Mansion Phase II (with School)	Tianjin	100.0%	N/A	17,785	November 2019	14,228
32	Tianjin No. Jinnanhonggua 2016-099	Tianjin	100.0%	Residential/retail/SOHO and office	18,190	September 2021	99,255
	Tianjin sub-total				275,196		397,683

Project Names	City	Interest Attributable to the Group	Primary Intended Use of the Project	Site Area	Actual/Estimated Construction Completion Date	Total Land Bank[(1)]
				sq.m.		sq.m.
33 Fuzhou Zhenro Fortune Center Phase I (Residential)	Fuzhou	100.0%	Residential/retail	66,667	April 2018	7,325
Fuzhou Zhenro Fortune Center Phase II (1#, 2#, 7#)	Fuzhou	100.0%	Retail	46,667	December 2017	77,199
Fuzhou Zhenro Fortune Center Phase III (3#, 4#, 5#, 6#)	Fuzhou	100.0%	Retail/SOHO and office	/	December 2017	849
34 Fuzhou Mawei Zhenro Fortune Center Phase I	Fuzhou	100.0%	Residential/retail	67,032	September 2018	106,760
Fuzhou Mawei Zhenro Fortune Center Phase II	Fuzhou	100.0%	Residential/retail/SOHO and office		January 2019	80,885
35 Fuzhou Zhenro Rivage Garden Phase I (excluding 3# and 5#)	Fuzhou	100.0%	Residential	51,447	October 2015	1,227
Fuzhou Zhenro Rivage Garden Phase II (3# and 5#)	Fuzhou	100.0%	Residential	/	October 2015	—
36 Fuzhou Zhenro Mansion Parcel I	Fuzhou	100.0%	N/A	6,290	December 2019	600
Fuzhou Zhenro Mansion Parcel II	Fuzhou	100.0%	Residential/retail	19,434	December 2019	69,584
Fuzhou Zhenro Mansion Parcel III	Fuzhou	100.0%	Residential/retail	41,149	December 2019	143,982

	Project Names	City	Interest Attributable to the Group	Primary Intended Use of the Project	Site Area	Actual/Estimated Construction Completion Date	Total Land Bank[1]
					sq.m.		sq.m.
37	Fuzhou Zhenro Rivage City	Fuzhou	100.0%	Residential/SOHO and office	22,778	August 2012	—
38	Mawei Zhenro Top Mountain	Fuzhou	100.0%	Residential/retail/SOHO and office	25,027	April 201	43,400
39	Fuzhou Zhenro Yue Lan Bay	Fuzhou	100.0%	Residential/retail	29,160	April 2019	97,891
40	Fuzhou Zhenro Yuejingtai	Fuzhou	100.0%	Residential	35,164	November 2020	154,554
41	Mawei No. Mazhongdi2017-07	Fuzhou	100.0%	Residential	36,014	September 2020	46,583
	Fuzhou sub-total				494,027		975,247
42	Mawei Zhenro Yue Jiang Bay	Fuzhou	100.0%	Residential	47,200	August 2020	144,409
43	Nanping Zhenro Fortune Center Parcel I Phase I	Nanping	100.0%	Residential/retail	87,546	November 2019	121,408
	Nanping Zhenro Fortune Center Parcel I Phase II	Nanping	100.0%	Retail/SOHO and office	42,231	November 2020	159,856
	Nanping Zhenro Fortune Center Parcel II	Nanping	100.0%	Residential	76,050	April 2019	196,392
	Nanping sub-totbal				205,827		477,655
44	Pingtan Zhenro Smooth Sea Phase I	Pingtan	100.0%	Residential/retail	48,282	September 2018	6,626
	Pingtan Zhenro Smooth Sea Phase II	Pingtan	100.0%	Residential/retail	37,935	June 2018	3,800

	Project Names	City	Interest Attributable to the Group	Primary Intended Use of the Project	Site Area	Actual/Estimated Construction Completion Date	Total Land Bank[1]
					sq.m.		sq.m.
45	Pingtan Zhenro Royal Lake Bay	Pingtan	100.0%	Residential/retail	23,228	December 2018	86,893
46	Pingtan Zhenro Yue Lake Bay Phase I	Pingtan	100.0%	Residential/retail	19,275	April 2020	69,558
	Pingtan Zhenro Yue Lake Bay Phase II	Pingtan	100.0%	Residential/retail	19,275	October 2020	67,793
47	Pingtan Zhenro Mansion Phase I	Pingtan	100.0%	Residential/retail	66,560	October 2021	239,620
48	Pingtan Zhenro Mansion Phase II	Pingtan	100.0%	Residential/retail	52,321	September 2021	195,704
	Pingtan sub-total				266,876		669,993
49	Putian Zhenro Smooth Jade	Putian	100.0%	Residential/retail	70,655	May 2018	233,135
50	Putian Zhenro Fortune Center Parcel A1	Putian	100.0%	Retail/SOHO and office	199,941	January 2017	176,552
	Putian Zhenro Fortune Center Parcel A2	Putian	100.0%	SOHO and office	/	December 2020	109,919
	Putian Zhenro Fortune Center Parcel B1	Putian	100.0%	Residential/retail	/	January 2016	16,992
	Putian Zhenro Fortune Center Parcel B2	Putian	100.0%	Residential/retail	/	November 2016	20,718
51	Putian Zhenro Royal Orchid Bay	Putian	100.0%	Residential/retail	30,844	April 2014	—
52	Putian Zhenro Litchi Garden	Putian	100.0%	Residential/retail	35,268	June 2010	819

	Project Names	City	Interest Attributable to the Group	Primary Intended Use of the Project	Site Area	Actual/Estimated Construction Completion Date	Total Land Bank[(1)]
					sq.m.		sq.m.
53	Putian Zhenro Times Plaza	Putian	100.0%	Residential/retail	118,943	March 2014	44,310
54	Putian Zhenro Royal Family	Putian	100.0%	Residential/retail	42,431	October 2016	5,328
55	Putian Zhenro Mansion	Putian	100.0%	Residential/retail	94,108	December 2019	293,673
56	Putian Zhenro Royal Mansion	Putian	100.0%	Residential/retail	33,283	November 2019	107,909
57	Putian No. PSPai-2017-10	Putian	100.0%	Residential	79,698	October 2020	159,487
58	Putian Binxi Zhenro Mansion	Putian	100.0%	Residential/retail	23,926	April 2020	65,850
59	Putian Shishi Zhenro Mansion	Putian	100.0%	Residential	33,942	March 2020	115,598
60	Putian No. PSPai-2017-11	Putian	100.0%	Residential/retail/SOHO and office	39,848	April 2020	101,703
	Putian sub-total				802,885		1,451,994
61	Nanchang Zhenro First Mansion	Nanchang	100.0%	Residential/retail	59,558	August 2017	5,485
62	Nanchang Zhenro Embellish City	Nanchang	100.0%	Residential/retail	68,313	September 2016	2,264
63	Nanchang Zhenro Royal Sunrise	Nanchang	100.0%				
	Nanchang Zhenro Royal Garden	Nanchang	100.0%	Residential/retail	27,715	November 2013	230

Project Names	City	Interest Attributable to the Group	Primary Intended Use of the Project	Site Area	Actual/Estimated Construction Completion Date	Total Land Bank[1]
				sq.m.		sq.m.
Nanchang Zhenro Royal Statue	Nanchang	100.0%	Residential/retail	22,185	May 2015	599
Nanchang Zhenro Royal Quality	Nanchang	100.0%	Residential/retail	46,986	September 2015	2,181
Nanchang Zhenro Royal Summit	Nanchang	100.0%	Residential/retail	44,387	June 2016	1,715
Nanchang Zhenro The Country	Nanchang	100.0%	Residential/retail	36,488	February 2016	1,959
64 Nanchang Zhenro The Capital of Great Loch	Nanchang	100.0%	Residential/retail	872,794	June 2017	33,073
65 Nanchang Zhenro Mansion	Nanchang	100.0%	Residential/retail	103,413	November 2020	277,498
66 Nanchang West Lake Violet Mansion	Nanchang	100.0%	Residential	7,049	November 2019	20,721
67 Nanchang No. DBA2017077	Nanchang	100.0%	Residential/retail	60,732	February 2020	162,760
Nanchang sub-total				1,349,620		508,485
68 Yichun Zhenro Landscape Riverside	Yichun	100.0%	Residential/retail	138,667	September 2013	26
69 Yichun Zhenro Royal Riverside South 1	Yichun	100.0%	Residential	171,791	April 2013	—
Yichun Zhenro Royal Riverside South 2	Yichun	100.0%	Residential/retail	/	December 2013	1,014
Yichun Zhenro Royal Riverside North 1	Yichun	100.0%	Residential/retail	/	August 2015	3,899

	Project Names	City	Interest Attributable to the Group	Primary Intended Use of the Project	Site Area	Actual/Estimated Construction Completion Date	Total Land Bank[1]
					sq.m.		sq.m.
	Yichun Zhenro Royal Riverside North 2	Yichun	100.0%	Residential/retail/SOHO and office	/	June 2018	14,698
	Yichun Zhenro Royal Riverside North 3	Yichun	100.0%	Residential	/	August 2018	63,720
	Yichun sub-total				310,458		83,357
70	Jinan No. 2017-G121	Jinan	100.0%	Residential/retail	57,785	May 2021	199,867
71	Jinan No.2017-G122	Jinan	100.0%	Residential/retail	23,013	December 2021	72,789
	Jinan sub-total				80,798		272,656
	Sub-total of land bank developed by the Group and its subsidiaries				6,092,898		10,858,708
	Properties developed by the Group's joint ventures and associated companies						
	Yangtze River Delta Economic Region						
1	Shanghai No. 201419370776439142	Shanghai	20%	Retail/SOHO and office	70,857	November 2020	307,227
2	Jiaxing Zhongnan Zhenro Haishang Mingyue	Jiaxing	50%	Residential/retail	33,424	December 2019	84,746
3	Jiaxing Canal Mansion	Jiaxing	50%	Residential/retail	63,568	October 2019	147,768
4	Nanjing No. 320115001022GB00780-GB00784	Nanjing	20%	Residential/retail/SOHO and office	54,311	June 2021	248,880
5	Suzhou Jinhui Zhenro Four Seasons	Suzhou	49%	Residential	32,044	March 2019	82,018

	Project Names	City	Interest Attributable to the Group	Primary Intended Use of the Project	Site Area	Actual/Estimated Construction Completion Date	Total Land Bank[1]
					sq.m.		sq.m.
6	Suzhou No.WJ-J-2017-017	Suzhou	50%	Residential/retail	5,759	March 2019	14,386
7	Suzhou No.WJ-J-2017-016	Suzhou	50%	Residential	7,585	March 2019	21,534
8	Suzhou Yuzhou Zhaoshang Shili	Suzhou	20%	Residential/retail	128,313	November 2019	312,090
9	Suzhou Lanxi Bay Garden	Suzhou	36%	Residential	66,738	November 2018	122,638
10	Hefei Country Garden Zhenro Jade Yue	Hefei	49%	Residential/SOHO and office	44,787	June 2020	115,773
11	Hefei Century World	Hefei	33%	Residential/SOHO and office	130,918	October 2019	379,421
	Yangtze River Delta Economic Region sub-total				638,305		1,836,481
					210,740		574,133

Project Names	City	Interest Attributable to the Group	Primary Intended Use of the Project	Site Area	Actual/Estimated Construction Completion Date	Total Land Bank[1]
				sq.m.		sq.m.
Midwest China Economic Region						
12 Zhengzhou Xuhui Zhenro Capital Mansion	Zhengzhou	24%	Residential/retail	69,439	March 2019	221,307
13 Wuhan Zhenro Royal Summit Phase I	Wuhan	50%	Residential/retail	136,139	January 2020	192,806
Wuhan Zhenro Royal Summit Phase II	Wuhan	50%	Residential	/	June 2021	196,325
14 Wuhan Qingneng Zhenro Mansion	Wuhan	5%	Residential/retail	156,511	November 2021	578,645
15 Changsha Meixi Zhenro Mansion Phase I	Changsha	50%	Residential/retail	108,221	September 2018	193,602
Changsha Meixi Zhenro Mansion Phase II	Changsha	50%	Residential	/	April 2020	152,747
Midwest China Economic Region sub-total				470,311		1,535,433
				146,671		449,786

Project Names	City	Interest Attributable to the Group	Primary Intended Use of the Project	Site Area	Actual/Estimated Construction Completion Date	Total Land Bank[1]
				sq.m.		sq.m.
Bohai Economic Rim						
16 Tianjin No. Jinbinbeitanggua2017-1-A/B/C/D/E/F/G/H/I/J	Tianjin	13%	Residential/retail	149,245	December 2020	219,707
17 Tianjin No. Jindongxingua 2016-071	Tianjin	14%	Residential/retail/SOHO and office	45,511	August 2020	206,300
Bohai Economic Rim sub-total				194,756		426,007
				25,027		56,345
Western Taiwan Straits Economic Zone						
18 Fujian Zhenro Yue Long Bay	Fuzhou	36%	Residential/retail	66,706	May 2020	179,745
19 Nanchang Garden	Nanchang	19%	Residential/retail	90,420	September 2019	240,926
20 Nanchang Zhenro Linlong Mansion	Nanchang	25%	Residential/retail	72,103	November 2019	181,797
Western Taiwan Straits Economic Zone sub-total				229,229		602,468
				59,220		155,933

Project Names	City	Interest Attributable to the Group	Primary Intended Use of the Project	Site Area	Actual/Estimated Construction Completion Date	Total Land Bank[1]
				sq.m.		sq.m.
Sub-total of land bank developed by the Group's JV and asso				1,532,601		4,400,389
Sub-total asso on an attributable basis				441,658		1,236,198
Total land bank				7,625,498		15,259,098
Total land bank on an attributable basis				6,534,556		12,094,906

Note:

(1) Total GFA of the Group's land bank includes (i) GFA available for sale and total leasable GFA for completed properties, (ii) total GFA for properties under development and (iii) total GFA for properties held for future development. For projects held by our Joint Ventures and associated companies, total GFA will be adjusted by our equity interest in the respective project.

Financial Review

Revenue

The Group's revenue increased by approximately 36.9% from RMB14,603.5 million for the year ended December 31, 2016 to RMB19,995.1 million for the year ended December 31, 2017. Out of the Group's total recognized revenue in 2017, (i) sales of properties increased by approximately 36.8% to RMB19,882.0 million from 2016, (ii) property leasing increased by approximately 44.9% to RMB71.4 million from 2016, and (iii) provision of commercial property management services increased by approximately 106.8% to RMB38.8 million from 2016. The table below sets forth the Group's revenue for each of the components described above and the percentage of total revenue represented for the periods indicated.

	2017		2016		Year-over-Year Change
	Revenue	% of Total Revenue	Revenue	% of Total Revenue	
	RMB'000	*%*	*RMB'000*	*%*	*%*
Sales of properties	19,882,015	99.4	14,534,660	99.5	36.8
Rental income	71,354	0.4	49,227	0.3	44.9
Property management income	38,816	0.2	18,772	0.2	106.8
Others [(1)]	2,876	0.0	861	0.0	234.0
Total	19,995,061	100.0	14,603,520	100.0	36.9

Note:

(1) Primarily includes revenue generated from provision of design consultation services to a joint venture and an associate.

Cost of Sales

The Group's cost of sales primarily represents the costs it incurs directly for the property development activities as well as its commercial property management and leasing operations. The principal components of cost of sales for property development include cost of properties sold, which represents direct construction costs, land use right costs and capitalized interest costs on related borrowings for the purpose of property development during the period of construction.

The Group's cost of sales increased by approximately 38.0% from RMB11,433.8 million for the year ended December 31, 2016 to RMB15,777.7 million for the year ended December 31, 2017, primarily attributable to the increase in the number of properties completed and delivered by the Group during the year ended December 31, 2017.

Gross Profit and Gross Profit Margin

As a result of the foregoing, the Group's gross profit increased by approximately 33.1% from RMB3,169.7 million for the year ended December 31, 2016 to RMB4,217.4 million, for the year ended December 31, 2017.

Gross profit margin was relatively stable at 21.1% for the year ended December 31, 2017, compared with 21.7% in 2016.

Other Income and Gains

The Group's other income and gains primarily consist of interest income, commercial compensation and others. Interest income primarily consists of interest income on bank deposits. Commercial compensation primarily represents forfeited deposits received from certain potential customers who did not subsequently entered into sales contracts with the Group and penalties received from certain customers due to their breach of sales or pre-sales contracts.

Other income and gains increased by approximately 217.3% from RMB48.6 million for the year ended December 31, 2016 to RMB154.2 million for the year ended December 31, 2017, primarily due to an increase in interest income on bank deposits mainly as a result of the increase in the total amount of bank deposits, as well as an increase in commercial compensation collected by the Group in 2017.

Selling and Distribution Expenses

Selling and distribution expenses primarily consist of advertising, marketing and business development expenses, sales and marketing staff cost, office expenses, fees paid to our third-party sales agents, rental and other expenses relating to sales of our properties and property leasing services.

The Group's selling and distribution expenses increased by approximately 9.1% from RMB587.5 million for the year ended December 31, 2016 to RMB641.0 million for the year ended December 31, 2017, primarily due to (i) the strengthened selling and marketing efforts to promote newly-launched property projects in new cities and regions in which the Group operates as part of its business expansion; and (ii) the expansion of the Group's in-house sales and marketing team to support its business expansion in 2017.

Administrative Expenses

Administrative expenses primarily consist of management and administrative staff costs, entertainment expenses, office and meeting expenses, stamped duties and other taxes, rental costs, depreciation of property, plant and equipment, professional fees, travelling expenses, bank charges, listing expenses and other general office expenses and miscellaneous expenses.

The Group's administrative expenses increased by approximately 39.2% from RMB477.3 million for the year ended December 31, 2016 to RMB664.5 million for the year ended December 31, 2017, primarily due to the continuous increase in the number of property projects under development and planned for future development, which was in line with the Group's business expansion, resulting in increases in its management and administrative headcount, entertainment expenses, traveling expenses and other miscellaneous expenses.

Other Expenses

Other expenses increased by 109.7% from RMB19.5 million for the year ended December 31, 2016 to RMB40.9 million for the year ended December 31, 2017.

Fair Value Gains on Investment Properties

The Group develops and holds certain commercial properties on a long-term basis for rental income or capital appreciation. Fair value gains on investment properties decreased by approximately 40.5% from RMB594.2 million for the year ended December 31, 2016 to RMB353.8 million for the year ended December 31, 2017, primarily because Putian Zhenro Fortune Center commenced operation since late 2015 which recorded a relatively higher level of appreciation in value for the year ended December 31, 2016 than in the corresponding period in 2017. The fair value gains on investment properties for the year ended December 31, 2017 was also partially attributable to the appreciation in value of Shanghai Hongqiao Zhenro Center in such period.

Finance Costs

Finance costs primarily consist of interest expenses for bank and other borrowings net of capitalized interest relating to properties under development.

The Group's finance costs increased by approximately 54.9% from RMB356.1 million for the year ended December 31, 2016 to RMB551.5 million for the year ended December 31, 2017, primarily due to an increase in bank borrowings to support business growth and an increase in the level of interest costs that were not capitalized in 2017.

Share of Losses of Joint Ventures and Associated Companies

The Group's share of losses of joint ventures was RMB65.6 million for the year ended December 31, 2017, increased by 811.1% from RMB7.2 million for the year ended December 31, 2016, primarily due to an increase in the Group's relevant expenses resulting from the increased property projects held by its new joint ventures.

The Group's share of losses of associated companies was RMB12.3 million for the year ended December 31, 2017, primarily represented the Group's relevant expenses resulting from the increased property projects held by its new associated companies. The Group did not have associated companies in 2016.

Income Tax Expenses

Income tax expenses represent corporate income tax and land appreciation tax ("**LAT**") payable by the Group's subsidiaries in the PRC.

The Group's income tax expenses increased by approximately 9.5% from RMB1,121.7 million for the year ended December 31, 2016 to RMB1,228.2 million for the year ended December 31, 2017, primarily due to an increase in the Group's profit before tax. The effective corporate income tax rate was 28.9% for the year ended December 31, 2017, compared with 31.6% for the year ended December 31, 2016.

Profit and Total Comprehensive Income for the Year

As a result of the foregoing, the Group's profit and total comprehensive income increased by approximately 22.4% from RMB1,243.2 million for the year ended December 31, 2016 to RMB1,521.4 million, for the year ended December 31, 2017.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

The industry in which the Group engages is a capital-intensive industry. The Group met and expects to continue meeting its operating capital, capital expenditure and other capital needs with proceeds from the IPO, proceeds from pre-sale and sale of properties, loans from commercial banks, proceeds from corporate debts or other securities offerings, and capital injections from shareholders. The Group's need for short-term liquid capital is mainly associated with loan repayments and capital needs for operation, and the Group's short-term liquid capital comes from cash balance, proceeds from pre-sale and sale of properties and new bank loans. The Group's need for long-term liquid capital is associated with capital allocated for new property development projects and repayment of long-term loan.

Cash Positions

As of December 31, 2017, the Group had cash and bank balances of approximately RMB14,539.5 million (December 31, 2016: RMB14,689.7 million), pledged deposits of approximately RMB1,195.3 million (December 31, 2016: RMB832.7 million) and restricted cash of approximately RMB3,931.5 million (December 31, 2016: RMB2,984.4 million)

Indebtedness

As of December 31, 2017, the Group has total outstanding bank and other borrowings of RMB40,061.2 million, compared with RMB35,034.1 million as of December 31, 2016. As of December 31, 2017, the Group also had onshore corporate bond with carrying amounts of approximately RMB2,002.4 million, compared with RMB1,988.8 million as of December 31, 2016. The Group's borrowings are mainly denominated in Renminbi.

All of the Group's secured borrowings were secured by its asset portfolio which includes investment properties, prepaid land lease payments, properties under development, completed properties held for sale, and restricted cash.

The following table sets forth the Group's total borrowings as of the dates indicated.

	As of December 31,	
	2017	2016
	RMB'000	RMB'000
Current borrowings:		
Bank borrowings — secured	250,000	—
Bank borrowings — unsecured	230,000	120,000
Other borrowings — secured	4,106,572	3,474,624
Other borrowings — unsecured	688,416	850,000
Plus: current portion of non-current borrowings		
Bank borrowings — secured	7,032,732	1,346,701
Bank borrowings — unsecured	33,400	148,437
Other borrowings — secured	7,660,637	4,044,393
Other borrowings — unsecured	980,000	335,000
Corporate bonds	2,002,359	—
Total current borrowings	22,984,116	10,319,155
Non-current borrowings:		
Bank borrowings — secured	7,722,609	6,310,945
Bank borrowings — unsecured	1,705,859	—
Other borrowings — secured	9,531,953	17,862,161
Other borrowings — unsecured	119,000	541,800
Corporate bonds	—	1,988,777
Total non-current borrowings	19,079,421	26,703,683
Total	42,063,537	37,022,838

The following table sets forth the maturity profiles of the Group's total borrowings as of the dates indicated.

	As of December 31,	
	2017	2016
	RMB'000	RMB'000
Repayable within one year	22,984,116	10,319,155
Repayable in the second year	13,585,642	19,416,309
Repayable within two to five years	5,493,779	7,287,374
Sub-total	19,079,421	26,703,683
Total	42,063,537	37,022,838

Additionally, as of December 31, 2017, the Group issued the unsecured perpetual bond of RMB3.0 billion through private placement. Please refer to "Bond Offerings" below for more details.

Borrowing Costs

The Group's weighted average effective interest rates on bank and other borrowings were 7.3% for the year ended December 31, 2017, compared with 8.5% for the year ended December 31, 2016. The decrease was primarily due to the Group's effective measures to optimize its debt structure, as well as its stronger bargaining power to access to capital at competitive costs as a result of its growing operation scale.

Financial Risks

The Group is not subject to significant credit risk and liquidity risk.

The Group primarily operates its business in the PRC. The currency in which the Group denominates and settles substantially all of its transactions is Renminbi. Any depreciation of Renminbi would adversely affect the value of any dividends the Group pays to shareholders outside of the PRC. The Group had cash at banks denominated in foreign currencies, which exposed the Group to foreign exchange risk. The Group currently does not engage in hedging activities designed or intended to manage foreign exchange rate risk. The Group will continue to monitor foreign exchange changes to best preserve the Group's cash value.

Key Financial Ratios

The Group's current ratio decreased from 1.5 as of December 31, 2016 to 1.3 as of December 31, 2017, primarily due to (i) an increase in advances from customers resulting from sales increase, and (ii) an increase in current liabilities resulting from the increase in current portion of certain long-term borrowings.

The Group's net gearing ratio decreased from 206.0% as of December 31, 2016 to 183.2% as of December 31, 2017, primarily due to the Group's continuous efforts to manage its financial leverage to achieve sustainable growth. The Group completed its IPO in mid-January 2018. Assuming the net proceeds from the IPO were received on December 31, 2017, the net gearing ratio would be approximately 120.2% as of December 31, 2017.

Contingent Liabilities

Mortgage Guarantees

The Group provides mortgage guarantees to banks in respect of the mortgage loans they provided to the Group's customers in order to secure the repayment obligations of such customers. The mortgage guarantees are issued from the date of grant of the relevant mortgage loans and released upon the earlier of (i) the transfer of the relevant real estate ownership certificates to the customers, or (ii) the settlement of mortgage loans by the customers. If a purchaser defaults on the mortgage loan, the Group is typically required to repurchase the underlying property by paying off the mortgage loan. If it fails to do so, the mortgagee banks will auction the underlying property and recover the balance from the Group if the outstanding loan amount exceeds the net foreclosure sale proceeds.

As of December 31, 2017, the material contingent liabilities incurred for the Group's provision of guarantees to financial institutions in respect of the mortgage loans they provided to the Group's customers were approximately RMB21,961.4 million, compared with RMB18,129.5 million as of December 31, 2016.

The Directors confirm that the Group has not encountered defaults by purchasers in which it provided mortgage guarantees that, in aggregate, had a material adverse effect on our financial condition and results of operations.

Legal Contingents

The Group may be involved in lawsuits and other proceedings in its ordinary course of business from time to time. The Group believes that no liabilities resulting from these proceedings will have a material and adverse effect on our business, financial condition or operating results.

Commitments

As of December 31, 2017, the Group's property development expenditures it had contracted but yet provided for was RMB9,168.6 million, compared with RMB7,146.2 million as of December 31, 2016.

As of December 31, 2017, the Group's operating lease expenditures was RMB89.6 million, compared with RMB58.3 million as of December 31, 2016.

Off-Balance Sheet Commitments and Arrangements

Except for the contingent liabilities disclosed above, as of December 31, 2017, the Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

As of the date of announcement, net proceeds not utilized are held in bank deposits and it is intended that they will be applied in the manner consistent with the proposed allocations in the prospectus.

Bond Offerings

The Group continuously looks for financing opportunities to support its business development. These opportunities include the raising of funds through asset-backed securities programs, corporate bonds and other debt offerings.

In October 2017, the Group issued the unsecured perpetual bond of RMB300.0 million through private placement. The perpetual bond has an initial term of two years bearing an annual coupon rate of 7.5% and the first redemption date is October 30, 2019.

In addition, in November 2017, the Group issued another unsecured perpetual bond of RMB2,700.0 million through private placement. The perpetual bond has an initial term of two years bearing an annual coupon rate of 7.5% and the first redemption date is November 8, 2019.

The Group intends to use the proceeds from these bond offerings to repay external borrowings.

In addition, the Group has been approved by the Shanghai Stock Exchange to issue asset-backed securities through a private placement in an aggregate proposed principal amount of approximately RMB2,421.0 million to be listed and traded on the Shanghai Stock Exchange.

The Group has also filed an application to the Shenzhen Stock Exchange for a private placement of corporate bonds to be listed and traded on the Shenzhen Stock Exchange in an aggregate proposed principal amount of up to RMB4,000.0 million to qualified investors only. The application is under review by the relevant stock exchange and there is no certainty that the application will be approved or we will proceed with the issuance of debt securities.

The Group may also consider other debt offering plans in the near future.

Employees

As of December 31, 2017, the Group had a total of 1,899 employees. The Group offers employees competitive remuneration packages that include basic salaries, discretionary bonuses, performance-based payments and year-end bonuses. It contributes to social insurance for its employees, including medical insurance, work-related injury insurance, retirement insurance, maternity insurance, unemployment insurance and housing funds.

Subsequent Events

In connection with the listing of the shares of the Company on the Stock Exchange, in January 2018, 1,000,000,000 new ordinary shares of the Company with a nominal value of US$0.00001 each were issued at a price of HK$3.99 per ordinary share for a total cash consideration of HK$3,990,000,000, before deducting underwriting fees, commissions and related expenses. An addition of 2,999,950,000 shares were concurrently issued by way of capitalization. Trading of the shares of the Company on the Stock Exchange commenced on January 16, 2018.

Subsequently in February 2018, the over-allotment option has been partially exercised and the Company allotted and issued 123,000,000 additional shares at HK$3.99 per share on February 7, 2018.

Other than the abovementioned matters, no material events were undertaken by the Group subsequent to December 31, 2017.

Use of Proceeds from the Initial Public Offering

The Group completed its IPO and was successfully listed on the Main Board of the Stock Exchange on January 16, 2018. Net proceeds from the IPO (including the exercise of the over-allotment options), after deducting the underwriting commission and other estimated expenses in connection with the Offering which the Company received amounted to approximately HK$4,392.3 million.

During the first three months of 2018, the Group had utilized the proceeds the IPO in the manner consistent with the proposed allocations in the prospectus, comprising approximately RMB158.0 million in repayment of bank borrowings with the remaining borrowings to be repaid upon their respective expiry dates; and the portion of proceeds in construction and development of its property projects and for general working capital purpose had been fully allocated to the relevant project companies for their property development activities for the following years.

OTHER INFORMATION

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Save for the Company initial public offering as described in the Company's prospectus dated December 28, 2017, the Company and its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company during the year ended December 31, 2017.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK$0.10 per share (equivalent to RMB0.08 per share), amounting to approximately a total of HK$412.3 million (or approximately RMB329.9 million) for the year ended December 31, 2017 (the "**2017 Proposed Final Dividend**"), representing approximately 21.7% of our net profit for the year ended December 31, 2017. The 2017 Proposed Final Dividend is subject to the approval of the Company's shareholders at the forthcoming annual general meeting (the "**AGM**") to be held on May 18, 2018. The 2017 Proposed Final Dividend will be declared and paid in Hong Kong dollars.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determination of eligibility to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, May 15, 2018 to Friday, May 18, 2018 (both days inclusive), during which period no transfer of shares of the Company will be effected. In order to be entitled to attend and vote at the forthcoming AGM to be held on Friday, May 18, 2018, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. (Hong Kong time) on Monday, May 14, 2018.

Subject to the approval of the 2017 Proposed Final Dividend at the forthcoming AGM, the register of members of the Company will also be closed from Tuesday, June 5, 2018 to Thursday, June 7, 2018 (both days inclusive), during which period no transfer of shares of the Company will be effected. In order to qualify for the 2017 Proposed Final Dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. (Hong Kong time) on Monday, June 4, 2018. The 2017 Proposed Final Dividend, if approved by the Company's shareholders at the forthcoming AGM, will be paid on or about Thursday, July 19, 2018 to those shareholders whose name appear on the register of member of the Company on Thursday, June 7, 2018.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the corporate governance code (the "**Corporate Governance Code**") contained in Appendix 14 to the Listing Rules as its own code on corporate governance . As the shares of the Company were not listed on the Stock Exchange until January 16, 2018, the Corporate Governance Code was not applicable to the Directors during the year ended December 31, 2017. Since the listing date, the Company has complied with the Corporate Governance Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transactions. As the shares of the Company were not listed on the Stock Exchange until January 16, 2018, the Model Code was not applicable to the Directors during the year ended December 31, 2017. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code since the listing date.

AUDIT COMMITTEE

The Company established the Audit Committee with written terms of reference in compliance with the Corporate Governance Code. As at the date of this announcement, the Audit Committee comprises three members, namely Mr. Loke Yu, Mr. Wang Chuanxu, two of our independent non-executive Directors, and Mr. Ou Guowei. Mr. Loke Yu is the chairman of the Audit Committee, and is our independent non-executive Director processing the appropriate professional qualifications.

The Audit Committee has reviewed and discussed the annual results for the year ended December 31, 2017. The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended December 31, 2017 as set out in this announcement have been agreed by the Group's auditor, Ernst & Young, Certified Public Accountants of Hong Kong ("**Ernst & Young**"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Ernst & Young 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on this announcement.

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

The annual results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and that of the Company (www.zhenrodc.com). The annual report will be dispatched to the shareholders of the Company and will be available on the website of the Stock Exchange and that of the Company in due course.

By order of the Board
Zhenro Properties Group Limited
HUANG Xianzhi
Chairman

Hong Kong, March 28, 2018

As at the date of this announcement, Mr. Huang Xianzhi, Mr. Lin Zhaoyang and Mr. Wang Benlong are the executive directors of the Company; Mr. Ou Guoqiang and Mr. Ou Guowei are the non-executive directors of the Company; and Mr. Loke Yu, Mr. Shen Guoquan amd Mr. Wang Chuanxu are the independent non-executive directors of the Company.