GUANGZHOU R&F PROPERTIES CO., LTD.

Stock code: 2777

Annual Report **2017**

About R&F

As one of China's largest and most well-known property developers, Guangzhou R&F Properties Co., Ltd. ("R&F" or the "Company", together with its subsidiaries, collectively the "Group") is a major player in the country's drive towards urbanization. Our core business lies in mass residential property development on a variety of scales. As of the end of 2017, the Group's attributable land bank was approximately 51.38 million sq.m. across 69 cities and areas. As part of our ongoing development strategy, the Group has also diversified its property portfolio by developing hotels, office buildings and shopping malls. At the beginning of 2018, the Group has become the largest owner of deluxe hotels globally, with 88 operating deluxe hotels managed by well-known hotel management groups. With a prime land bank portfolio sufficient for several years of developments, and a brand name synonymous for quality and value nationwide, R&F is expecting to contribute significantly to the quality of urban life over the coming year.

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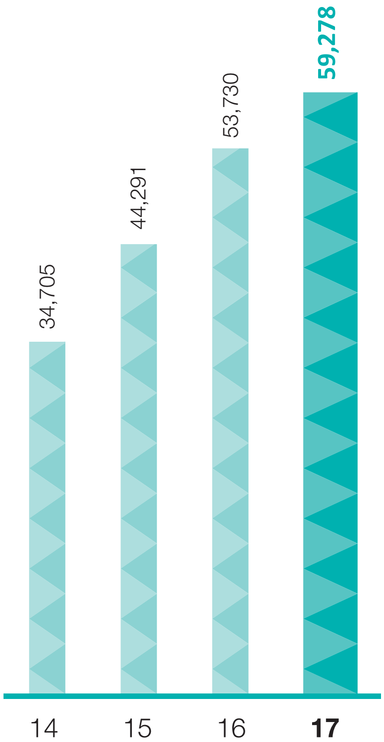
富力新天地中心

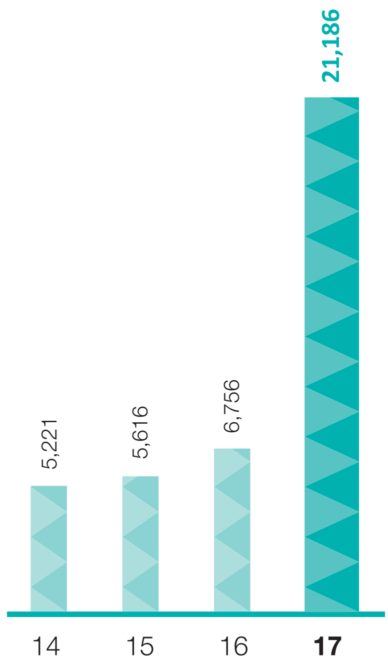
FINANCIAL HIGHLIGHTS

	2017	2016	% changes
OPERATING RESULTS (RMB'000)			
Revenue	59,277,855	53,730,339	10%
Gross profit	20,962,301	15,186,740	38%
Profit for the year attributable to owners of the Company	21,186,451	6,755,908	214%
Basic earnings per share (RMB)	6.5748	2.0997	213%
Dividends per share (RMB)	1.10	1.00	10%
FINANCIAL POSITION (RMB'000)			
Cash	32,214,749	45,969,082	-30%
Total assets	298,108,940	226,411,479	32%
Total liabilities	233,215,286	179,575,282	30%
FINANCIAL RATIOS			
Net assets per share (RMB)	19.1	13.6	40%
Dividend payout ratio (%)	16.7	47.6	-65%
Return on equity (%)	38.4	14.7	161%
Net debt to total equity ratio (%)	169.6	159.9	6%

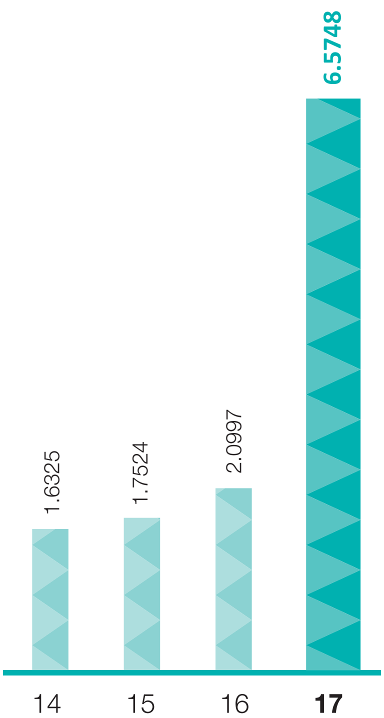
Revenue
RMB (in million)



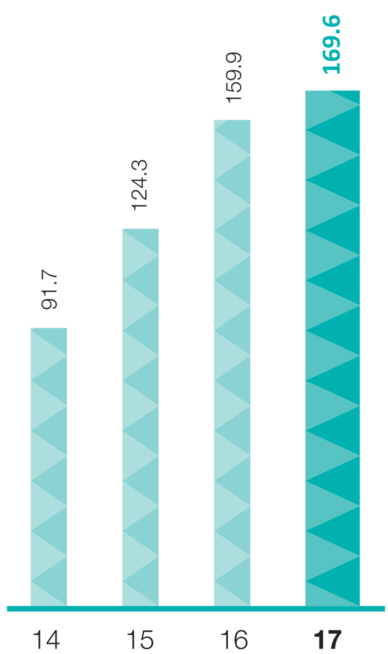
Profit attributable to owners of the Company
RMB (in million)

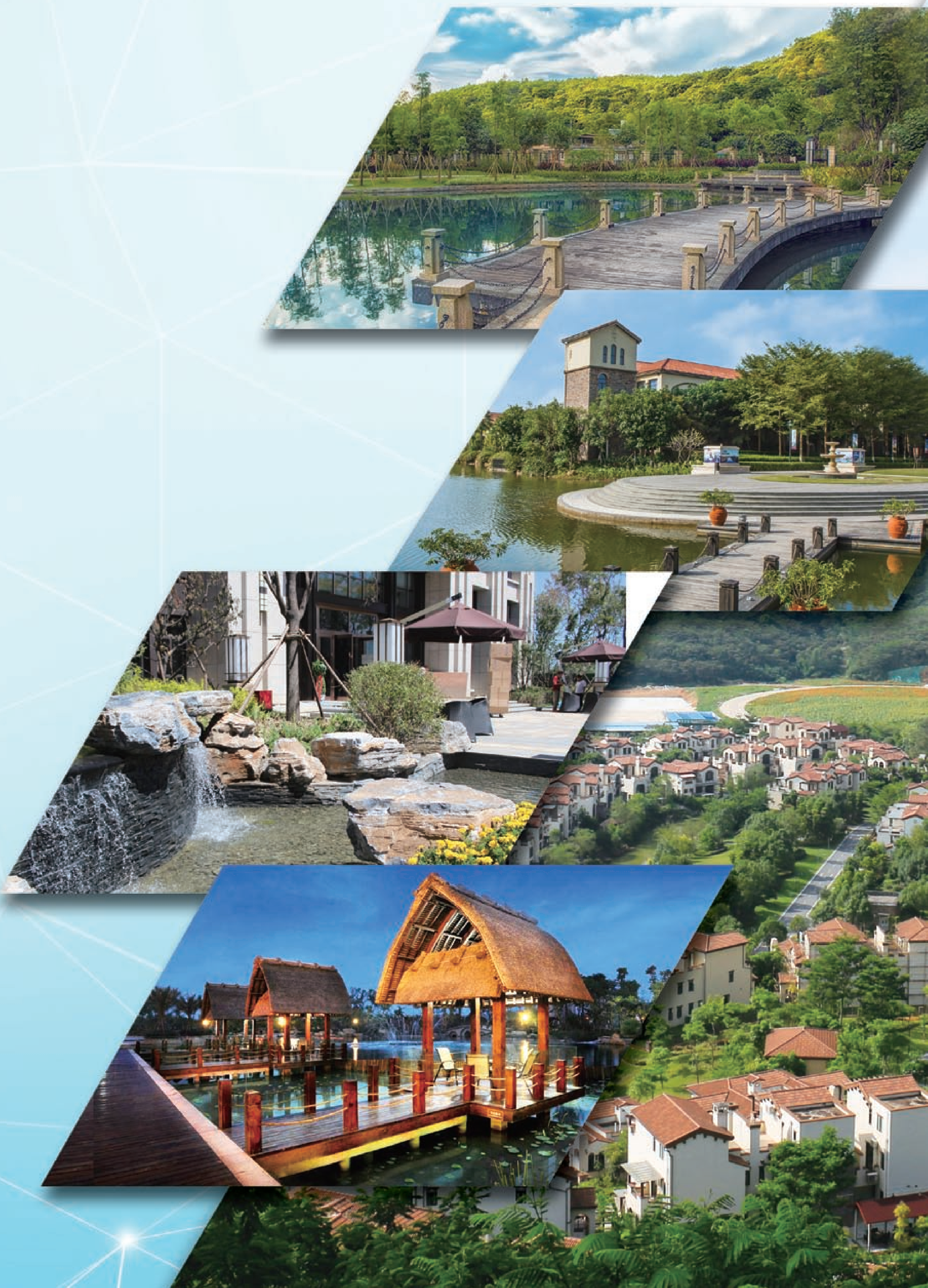


Basic earnings per share
RMB



Net debt to total equity ratio
%





Accumulated Attributable Land Bank of 51.38 million sq.m. ... Saleable Resources of RMB617 billion ... To Target Over 60% Growth in Contracted Sales to RMB130 billion in 2018 ...

Dear Shareholders,

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

STRATEGIC LAND ACQUISITIONS TO LOCK-IN SALEABLE RESOURCES

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

CONSOLIDATING THE GROUP'S EXPOSURE IN HOTEL DEVELOPMENT

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

CONTINUE TO BROADEN CONTRACTED SALES AND REVENUE ACROSS MORE CHINA CITIES

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

UNDERTOOK ACTIVE FINANCING ACROSS VARIOUS FINANCIAL PRODUCTS TO FUND EXPANSION GROWTH

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

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

BUSINESS HIGHLIGHTS OF 2017

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

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

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

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

THE OUTLOOK FOR 2018

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

SIGNIFICANTLY RAISED CONTRACTED SALES TARGET IN 2018 BY APPROXIMATELY 60% TO ABOVE RMB130 BILLION

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

ACKNOWLEDGEMENTS

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

LI Sze Lim
Chairman

Zhang Li
Co-chairman and Chief Executive Officer

CONTRACTED SALES

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

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

Location	**Approximate attributable saleable area sold (sq.m.)**	**+/– % vs. 2016 (%)**	**Approximate attributable total value (RMB million)**	**+/– % vs. 2016 (%)**
Guangzhou	227,900	-15%	5,313.3	-15%
Huizhou	469,800	24%	4,871.9	35%
Chongqing	372,300	21%	2,849.4	68%
Chengdu	124,100	22%	999.9	58%
Fuzhou and vicinity	224,100	10%	3,250.0	9%
Meizhou	334,800	6%	2,099.1	29%
Guiyang	109,000	143%	999.7	135%
Foshan	130,900	185%	2,289.2	253%
Nanning	43,900	89%	538.3	124%
Zhuhai and vicinity	116,700	212%	1,895.6	73%
Changsha and vicinity	69,700	545%	653.5	707%
Nanchang	36,200	N/A	395.9	N/A
Southern Region	**2,259,400**	**30%**	**26,155.8**	**35%**
Beijing and vicinity	98,400	-72%	4,391.4	-43%
Tianjin	349,700	-15%	5,647.3	-22%
Taiyuan	662,600	122%	7,035.8	143%
Xian	141,400	236%	1,241.7	295%
Shenyang and vicinity	99,900	22%	771.9	36%
Harbin	213,100	119%	2,925.2	134%
Shanghai and vicinity	102,700	-33%	3,665.1	-18%
Hangzhou and vicinity	312,700	6%	5,237.1	35%
Nanjing and vicinity	250,400	79%	2,210.4	-2%
Wuxi and vicinity	303,500	20%	4,495.6	75%
Datong	250,400	145%	1,388.8	174%
Baotou	202,400	8%	1,624.9	29%
Zhengzhou	65,200	-26%	783.6	-21%
Shijiazhuang	77,100	N/A	1,152.3	N/A
Yantai and vicinity	125,100	N/A	1,021.5	N/A
Qinhuangdao	52,100	N/A	531.9	N/A
Ningbo	117,900	N/A	1,938.1	N/A
Hohhot	152,800	N/A	1,237.9	N/A

Location	Approximate attributable saleable area sold (sq.m.)	+/– % vs. 2016 (%)	Approximate attributable total value (RMB million)	+/– % vs. 2016 (%)
Northern Region	**3,577,400**	**43%**	**47,300.5**	**32%**
Hainan	**328,800**	**-14%**	**4,918.6**	**19%**
Johor Bahru, Malaysia	**148,500**	**206%**	**3,028.4**	**297%**
Brisbane, Australia	**8,700**	**-53%**	**407.6**	**-48%**
Melbourne, Australia	**1,400**	**N/A**	**51.8**	**N/A**
Total	**6,324,200**	**35%**	**81,862.7**	**35%**

PROJECTS UNDER DEVELOPMENT

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

The following is the position as at 31 December 2017:

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

LAND BANK

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

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

INVESTMENT PROPERTIES

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

HOTELS

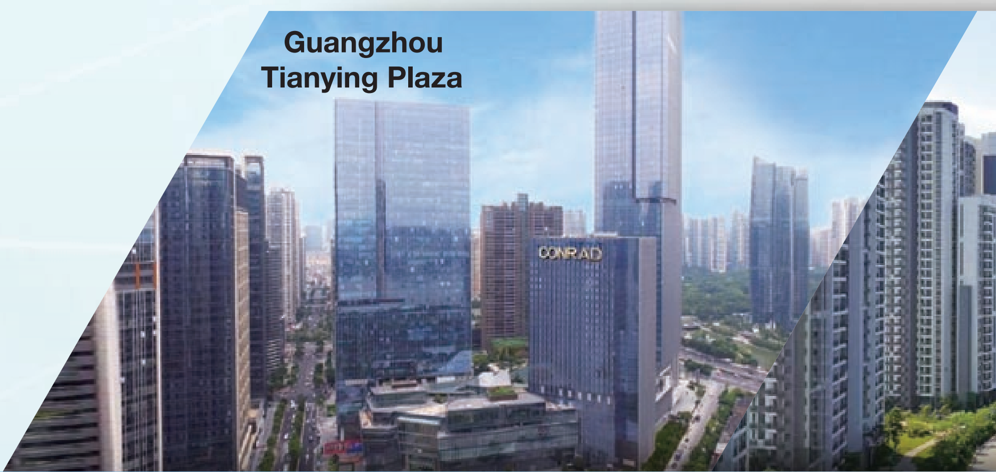
During the year, there were 4 brand new hotels launched including Conrad Guangzhou, Hilton Huizhou Longmen Resort, Chengdu Tianfu Square Serviced Suites Lanson Place, Hainan Xiangshui Bay Atour Hotel. Also, the Group further expanded its hotel business through entering purchase agreement of Wanda Hotels;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

OUTLOOK

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

Location	To be completed in 1st half of 2018 Approximate GFA (sq.m.)	To be completed in 1st half of 2018 Approximate saleable area (sq.m.)	To be completed in 2nd half of 2018 Approximate GFA (sq.m.)	To be completed in 2nd half of 2018 Approximate saleable area (sq.m.)
Guangzhou	157,000	43,000	33,000	33,000
Foshan	156,000	102,000	89,000	71,000
Zhuhai	–	–	184,000	161,000
Jiangmen	–	–	287,000	173,000
Huizhou	283,000	252,000	344,000	300,000
Chengdu	100,000	76,000	–	–
Chongqing	219,000	168,000	190,000	170,000
Xiangtan	78,000	78,000	81,000	73,000
Meizhou	328,000	226,000	140,000	112,000
Guiyang	–	–	75,000	43,000
Fuzhou	110,000	89,000	–	–
Putian	290,000	232,000	–	–
Zhangzhou	–	–	23,000	23,000
Nanchang	–	–	66,000	53,000
Hainan	57,000	47,000	571,000	503,000
Beijing and vicinity	252,000	161,000	–	–
Qinhuangdao	–	–	110,000	80,000
Tangshan	–	–	73,000	51,000
Shijiazhuang	–	–	134,000	110,000
Tianjin	86,000	71,000	202,000	156,000
Yantai	6,000	6,000	56,000	55,000
Taiyuan	–	–	611,000	569,000
Datong	–	–	121,000	115,000
Baotou	160,000	155,000	242,000	232,000
Xian	73,000	51,000	364,000	27,000
Shanghai	288,000	168,000	–	–
Chuzhou	112,000	88,000	202,000	192,000
Ningbo	306,000	202,000	–	–
Huzhou	173,000	139,000	294,000	222,000
Wuxi	171,000	128,000	118,000	78,000
Nantong	43,000	35,000	64,000	40,000
Harbin	–	–	178,000	131,000
Anshan	–	–	62,000	53,000
Melbourne, Australia	–	–	2,000	1,000
Johor Bahru, Malaysia	–	–	197,000	168,000
Sub-total	**3,448,000**	**2,517,000**	**5,113,000**	**3,995,000**
JV (Attributable)	606,000	307,000	142,000	118,000
Investment Properties (Attributable)	73,000	73,000	770,000	770,000
Total	**4,127,000**	**2,897,000**	**6,025,000**	**4,883,000**

OUR PROPERTY PORTFOLIO



Guangzhou Tianying Plaza


Foshan R&F International Finance Corporate


Huizhou R&F Bay Shore


Jiangxi Jiujiang R&F Shangyue Court


Hainan R&F Moon Bay Shore


Beijing Tongzhou R&F Center

Foshan R&F Plaza

Jiangxi Nanchang R&F Silverage City

Guiyang R&F Xintiandi

Fujian Longyan Jianfa R&F Xiyuan

Shanghai Jiayuwan

Hebei Shijiazhuang Xibo Water Town

Inner Mongolia Hohhot R&F City

Tianjin
R&F Jinmen Lake

Heilongjiang Harbin
R&F City

Fujian Putian
R&F Shangyue Court

Shanghai
R&F Bay Shore

Hainan
R&F Yuehaiwan

Australia Brisbane R&F No.1

Shenyang
R&F Xingyuewan

Liaoning Anshan
R&F Kaixuanmen

Inner Mongolia Hohhot
R&F Prosperous Palace

Hebei Shijiazhuang
R&F City

Jiangsu Nantong R&F
Peninsula Garden

Guangzhou
R&F Tianhaiwan

Australia Melbourne
R&F Kinnears Live City

Malaysia R&F
Princess Core

MAP

Northwestern China

Hainan

Overseas

Northern China – Beijing, Tianjin, Henan, Hebei, Shandong, Liaoning and Heilongjiang;
Eastern China – Shanghai, Zhejiang, Jiangsu and Anhui;
Central Southern China – Fujian, Jiangxi, Hunan and Hubei;
Southern China – Guangdong, Guangxi, Sichuan, Chongqing and Guizhou;
Northwestern China – Shanxi, Shaanxi, Inner Mongolia and Xinjiang;
Hainan – Hainan;
Overseas – Malaysia, Australia, Cambodia, Korea and United Kingdom.


Heilongjiang
Jilin
Inner Mongolia
Liaoning
Beijing
Tianjin
Hebei
Shanxi
Ningxia
Shandong
Shaanxi
Henan
Jiangsu
Anhui
Shanghai
Hubei
Chongqing
Zhejiang
Hunan
Jiangxi
Fujian
Guangxi
Guangdong
Hainan
Northern China
Eastern China
Central Southern China
Southern China
KOREA
CAMBODIA
AUSTRALIA
MALAYSIA

INVESTOR RELATIONS

The Company places great importance on opinions from the capital markets, therefore we maintain an effective dialogue with our industry analysts and corporate investors through regular information disclosure and active communication in 2017. The aim of the Company's relation with investors is to allow investors to make an informed assessment of the Company and attain a high level of governance, maximize the benefits of the Company as a whole and protect investors' legal right.

During the year, the Company announced the 2016 Annual Results and the 2017 Interim Results. By organizing meetings with analysts and press respectively, the Chairman being accompanied by the management met the investors personally and answered related questions in detail. Moreover, the Company sought opportunities to interact in depth with hundreds of institutional investors one by one through non-deal roadshows ("NDR") after the results presentation in various places like Hong Kong, Singapore, London and New York.

In regard to regular information disclosure, the Company complies with the requirement of the Stock Exchange and discloses respective announcements timely and accurately; in the meanwhile, in regard to the voluntary information disclosure, the Company also considers the requirement for investment industry to keep in step with the market development and issues sales announcement on the first business day of each month to provide timely information for analysts and investors' reference.

The Company has facilitated regular investor site visits, engaged in face-to-face meetings, held conference calls, and participated in investor conferences to make available ourselves for every opportunity to inter-react with investors. The Company values every opportunity to engage in open conversation with the investment community to provide updates on industry developments, upcoming trends and the overall macro environment. In 2017, we attended 24 global conferences, post-result analyst meetings, and NDR in Asia, Europe and the U.S.

The Company would like to thank all investors and shareholders who have provided feedback and constructive suggestions to the Company to take onboard. We would also like to thank the property research community for their hard work in providing transparent and detailed analysis for the sector and the Company. We look forward to another year of cooperation and delivering the highest level of standard of investor relations to the investor community.

Month	Conference/Road Show (Location)
March	• Post-result NDR with the Hong Kong and Shanghai Banking Corporation Limited ("HSBC") (Hong Kong) • Post-result NDR with Citibank ("Citi") (Hong Kong) • Post-result NDR with Merrill Lynch (Asia Pacific) Limited (a subsidiary of Bank of America Merrill Lynch) ("BAML") (Hong Kong) • Post-result NDR with Commerce International Merchant Bank ("CIMB") (Hong Kong) • Post-result NDR with HSBC (Singapore)
April	• United Bank of Switzerland ("UBS") HK/China Property Conference (Hong Kong) • HSBC 7th Annual Greater China Property & Financials Conference (Hong Kong)
May	• NDR with BAML (New York)
June	• HSBC GEMs (Global Emerging Markets) Investor Forum (New York) • HSBC 5th Annual Asia Investor Forum (London) • Haitong International Securities Group Limited 2017 Property Day (Hong Kong) • CIMB Hong Kong and China Property Corporate Day (Hong Kong) • Citi Asia Pacific Property Conference 2017 (Hong Kong)
August	• Post-interim result NDR with Citi (Hong Kong) • Post-interim result NDR with Beijing Gao Hua Securities Company Limited (In alliance with Goldman Sachs) ("Goldman Sachs") (Hong Kong) • Post-interim result NDR with HSBC (Hong Kong) • Post-interim result NDR with UBS (Singapore) • Post-interim result NDR with Daiwa Capital Markets Hong Kong Limited (Singapore) • Post-interim result NDR with CIMB (Hong Kong)
September	• Goldman Sachs China Conference 2017 (Shenzhen) • Nomura China Investor Forum 2017 (Shanghai) • Deutsche Bank Global Emerging Markets One-on-One Conference (New York)
October	• Citi's China Investor Conference 2017 (Macau)
November	• Morgan Stanley 16th Annual Asia Pacific Summit (Singapore)

ABOUT THE REPORT

Report Guideline

This is the second Environmental, Social and Governance ("ESG") report of Guangzhou R&F Properties Co., Ltd. ("R&F" or the "Company"), which has been prepared in compliance with the "Environmental, Social and Governance Reporting Guide" set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and based on actual conditions of the Company. Adhering to the reporting principles of materiality, quantitative, balance and consistency, this report aims at enhancing stakeholders' understanding of our ESG performance and sustainability strategies. The board of directors of the Company has approved the report and confirm that it is accurate, factual and complete.

Scope of the Report

This report discloses the Group's performance on ESG issues from 1 January 2017 to 31 December 2017. The social performance data in the report cover the entire Group while the environmental performance data focus on Guangzhou headquarters with 52 projects in total (including 31 residential projects, 17 commercial projects and 4 hotels), expanding from the scope of 13 commercial projects included in the previous year's report. Please refer to the ESG content index provided at the end of this report for Performance Indicators disclosed.

Feedback

We will continue to improve the content and format of the ESG report in the future, and welcome your feedback on the report and any inquiries or suggestions you may have. Please contact:

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Tel.: 8620 38882777
Fax: 8620 38332777
E-mail: gzrfir@rfchina.com

MESSAGE FROM CHAIRMAN

Dear stakeholders,

2017 was a milestone year for R&F. During the year, the Group became the largest owner of luxury hotels globally. With our market leading position in the real estate industry, the impact we have on our stakeholders, including employees, customers, suppliers, environment and community has increased. We realise that our share of social responsibility is also on the rise. This is the second year that the Group has published its ESG report, aiming to disclose its sustainability performance in last year to the stakeholders. Our goal is to continuously improve the disclosure levels of the report. Thus, this year, we have expanded our reporting boundary from 13 projects to 52 projects, covering our entire Guangzhou portfolio which includes 31 residential projects, 17 commercial projects and 4 hotels. Sustainability is a long-term mission, and by enlarging the report boundary and enhancing our ESG performance, we hope to demonstrate our stakeholders the determination to embed sustainable development into our daily operations.

> ***"Sustainability is a long-term mission, and by enlarging the report boundary and enhancing our ESG performance, we hope to demonstrate our stakeholders the determination to embed sustainable development into our daily operations."***

Talent is a vital asset for the Group and is one of the key reasons why we have become an industry leader. As the industry becomes more mature, recruiting, managing and retaining talent have become strategic priorities. During the year, we not only implemented the "R&F Star" recruitment and training program, but also nurtured outstanding employees by co-organizing a training program with the Tsinghua University, focusing on areas like international project management and quality management. In addition, expanding our talent pool is essential to the continual improvement of human resources management. Thus, we carried out the "General Manager in Training" program to build a sufficient talent reserve for our future development.

The operations of the Group have an increasingly inseparable relationship with people's lives and ways of living. For project management, we have formulated a well-rounded set of procedures, including various accident prevention and control measures and emergency drills, ensuring the safety of life and property. Furthermore, we are dedicated to creating value for the residents, enhancing their satisfaction and implementing our commitment to "perfect communication leads to fulfilment of living".

Being one of the industry leaders, we are devoted to promoting green buildings, introducing the concepts of land optimization, energy saving and water conservation, indoor environmental technology and operations management. As at the end of 2017, we presided over the design of a number of public buildings and residential green building projects, a total of 16 buildings received the Chinese Green Building Evaluation Label or LEED certification. We hope these achievements shall help promote green buildings both internally and externally.

Looking ahead, sustainability is a trend here to stay. We are bound to step up the integration of business and sustainable development strategies, striving to embed broader sustainability elements into the decision-making process of our daily operations. As the business continues to expand, we aim to keep our pace and shoulder our share of social responsibility, creating values on an ongoing basis for the stakeholders, including investors, employees, business partners, suppliers, communities, regulators, environmental groups, etc.

Guangzhou R&F Properties Co., Ltd.
Li Sze Lim
Chairman

19 March 2018

SUSTAINABLE DEVELOPMENT MANAGEMENT AND STAKEHOLDER COMMUNICATION

Stakeholders play an important role in our environmental, social and governance management. The Group targets to deepen its relationship with key stakeholders by optimising ESG management continuously and conducting regular dialogues, we are able to learn different views and concerns on sustainability performance and ESG report. We have identified material ESG related issues and prioritized them for management. The following table shows the relevant measures we have implemented.

Material Topic	Topic Description	Implemented Measures
Training	Provide comprehensive and systematic training for all levels of employees to enhance their professional competence	• The "R&F Star" recruitment and training program helped new employees understand the industry and our businesses • Each department appoints a management level staff (assistant manager or above) to serve as a trainer every year to ensure the quality of training • Established career development channels for staff at assistant manager or above level to nurture talent • Held an advanced study program on engineering management at Tsinghua University to enhance the engineering management competence of employees • Carried out the "General Manager in Training" program to secure our talent pool and ensure management skills are passed on to the upwardly mobile
Occupational Health and Safety	Emphasize on the well-being of employees to ensure occupational health and safety	• Formulated Safety Manual to stipulate working requirements on daily operations of property management and measures for emergency situations • Developed security management policies including specific personal safety emergency measures to help employees cope with emergencies • Conducted regular inspections to ensure fire safety • Implemented reporting requirements to ensure timely response to accidents
Anti-corruption	Prohibit acts of corruption, bribery, blackmail, fraud and money laundering to create a clean operating environment	• Strictly complied with relevant laws and regulations of the place of operation • Formulated the "Honest and Self-discipline Code", "Internal Control Report" and "Supervision and Management System"

Material Topic	Topic Description	Implemented Measures
Product and Service Responsibility	Provide quality and safe products and services	• Formulated safety-related regulations such as "Item Release Management Procedures", "Emergency Management Procedures for Public Security Accidents", and "Fire Hazard Emergency Procedures" to ensure safety of customers' lives and property • Formulated "Job Responsibility on Decoration Site Management" and "Management System for Remnants of Project Materials" to standardize the management of decoration construction and reduce the impact of construction on property users • Examined the annual management plan of hotel management and evaluated the safety and service quality of hotel facilities according to industry standards
Effective Use of Resources	Efficient use of resources to create a green living environment	• Implemented LED energy saving project and reused wastewater • Engaged in promotion of green buildings, a total of 16 buildings of the Group have received the Chinese Green Building Evaluation Label or LEED certification, two of these were newly certified buildings in 2017

CREATING GREEN LIVING ENVIRONMENT

As a leading integrated property developer in China, R&F strives to promote environmental sustainability. Aiming to minimize environmental impacts during project development, R&F puts top priority on energy saving and emission reduction measures, incorporating green building design in its developments.

Environmental Management

To effectively manage the environmental impacts of our operations, R&F has established the "Environmental Monitoring and Measurement Control Procedures" and the "Environmental Objectives, Indicators, Management Program", requiring relevant departments to implement environmental management measures. At the same time, the quality control department is responsible for arranging regular supervision of the Group's emissions of pollutants by inspection and testing organizations.

The Group has also formulated the "Environmental Factors Impact Assessment Criteria". All departments and the property services office of the Group are responsible for supervising and inspecting important environmental factors on a monthly basis and reporting existing issues to the quality control department in a timely manner. The quality control department checks the environmental performance of each department quarterly and conducts assessment of environmental performance of the relevant departments at the end of the year. Where a non-compliance case is identified, the relevant departments make rectifications according to the "Corrective Measures and Preventive Measures Control Procedures".

When considering the scope of this year's report, the most significant environmental impact is the greenhouse gas and air pollutants emissions from the use of energy at office premises, hotels and vehicles. R&F stringently complies with environmental laws and regulations in China, including but not limited to the Environmental Protection Law of the PRC, Atmospheric Pollution Prevention and Control Law of the PRC and Water Pollution Prevention and Control Law of the PRC. During the reporting period, no cases of non-compliance of environmental laws and regulations were identified.

Resources Consumption

While expanding its business, the Group strives to maximize resource efficiency and is gradually transforming itself into a low-carbon business model. The daily operations of property and hotel management involve the use of electricity, gasoline, diesel, natural gas and water. In 2017, total direct energy consumption comprising the use of natural gas, diesel and gasoline were 2,472,124 m^3, 24,803 liters and 898,752 liters, respectively. In addition, total indirect energy consumption from the use of electricity was 61,613,022 kWh. The Group's total water consumption was 4,816,066 m^3.

Types of Resources	Unit	2017 Total
Purchased Electricity	kWh	61,613,022
Natural Gas	m^3	2,472,124
Diesel	liter	24,803
Gasoline	liter	898,752
Tap Water	m^3	4,816,066

The Group's carbon emissions include direct emissions from fuel and refrigerants consumed, as well as indirect emissions due to purchased electricity consumed. In 2017, the total carbon emissions generated by the Group amounted to 43,831 tonnes.

Carbon Emission	Unit	2017 Total
Scope 1: Direct Carbon Emissions	tCO_2e	11,355
Scope 2: Indirect Carbon Emissions	tCO_2e	32,476
Total	tCO_2e	43,831

Resources Conservation

In compliance with the Energy Conservation Regulations of Guangdong Province, R&F has developed clear objectives and targets for effective energy management. The Group has adopted various measures such as gradual replacement of traditional lamps with LED energy-saving lamps, reasonable setting of lighting hours for the building lobby and appropriate air conditioning temperature, etc., to improve the energy performance of building facilities.

Regarding water conservation, the Group recycles wastewater from swimming pool for community pavement flushing. Moreover, we manage water usage for greening effectively with the use of showers. A water-saving program was also conducted to promote the concept of resources conservation among community.

LED energy-saving project

To satisfy the government requirements on energy conservation and emission reduction, the Group's property management company has retrofitted 13,000 fluorescent lamps of 40W with 16W LED lamps. This measure can save about RMB 2.7 million dollars of electricity annually, effectively improving our energy efficiency and reducing operating cost. Our hotels have also retrofitted high-energy halogen lamps with LED lamps in restaurants and ballrooms, to greatly save energy consumption of the hotels' daily operations.

Emission Management

R&F has developed its own "Pollutant Control Procedures" to effectively control emissions from premises. The major emissions of the Group's operations include domestic wastewater, air pollutants, solid waste, noise and waste liquid generated from cleaning, greening and maintenance of properties.

Pollutants	Management Approaches
Wastewater	• Stow volatile liquids generated from out-fitting in lidded containers • Control the amount of water used and reduce the amount of wastewater generated • Ensure that all wastewater enters the sewer network and prohibit discharge of wastewater into the storm water pipe network system • Equipment maintenance department should maintain equipment properly, and repair the equipment immediately once a fault is found • Conduct wastewater monitoring and measurement regularly by qualified environmental monitoring station
Air pollutants	• Require the decoration party to take measures to effectively control construction dust • Require catering contractors to use clean fuels and reduce the environmental impact of the fumes produced during combustion of fuel • Prompt vehicle contractors and owners to conduct annual inspection of vehicles exhaust gas compliance
Solid waste	• Raise residents' environmental awareness through various means to foster good environmental practices such as "Bring Your Own Bag" • Place solid waste at the designated place where rainproof and anti-leakage measures are present • Cleaners collect waste regularly after classification
Noise	• Maintain construction equipment properly, repair failure as soon as possible • Ensure that construction time is consistent with national laws and regulations related to environmental protection • Use construction materials with low traffic noise during the design and construction phase for road surface • Conduct timely maintenance of road surfaces • Set up no-loudspeakers and speed limit signs

Pollutants	Management Approaches
Oil & chemicals	• Take measures for preventing leakage and safeguarding storage of oil products and chemicals against rains • Carry out random supervision and inspection • Suppliers collect toxic chemical residues and containers • Collect oil filter and residual oil properly to prevent pipeline blockage and excessive waste oil from entering the sewage treatment station • Dispose of collected waste oil properly through safe disposal measures such as recycling

In 2017, SO_x, NO_x, and PM emissions from vehicles were 0.013 tonnes, 3.184 tonnes, and 0.300 tonnes respectively. The Group's operations do not involve generation of hazardous waste. The total general wastes produced during the year were 114,159 tonnes, about 23% of which were collected for recycling. During the reporting period, there were no material non-compliance cases related to emissions.

Air Pollutants	Unit	2017 Total
Sulphur oxide (SO_x)	Tonnes	0.013
Nitrogen oxide (NO_x)	Tonnes	3.184
Particulate matter (PM)	Tonnes	0.300

Waste	Unit	2017 Total
Non-recycled Waste	Tonnes	87,696
Recycled Waste	Tonnes	26,463

Green Building

R&F has been actively adopting green building designs through introducing the concepts of land optimization, energy and water conservation, indoor environmental technology and operational management. The Group had presided over the design of a number of public buildings and residential green building projects. Together with the 2 new buildings built during the year, a total of 16 buildings received the Chinese Green Building Evaluation Label or LEED certification. SINA Headquarter Research Building in Beijing has received a LEED platinum certification.

Leadership in Energy and Environmental Design is one of the most popular green building certification programs used worldwide. Developed by the non-profit U.S. Green Building Council (USGBC), it includes a set of rating systems for the design, construction, operation, and maintenance of green buildings, homes, and neighbourhoods that aims to help building owners and operators use resources efficiently and be environmentally responsible.

2017 Case 1: Zhuhai R&F Center

Zhuhai R&F Center is a commercial building in Hengqin, Zhuhai. Through the application of Building Information Management (BIM) technology, this project has made full use of resources to solve the difficulties in design and construction, and at the same time enhance the quality. The project received the Certificate of Green Building Design Label (Two Star).

- Adopt multi-story garden greening and roof greening with various native plants to regulate the micro-climate
- Use high-strength high-performance building materials to maximize resource efficiency
- Make full use of underground space and collect rainwater for irrigation, road washing, landscape replenishment and garage flushing
- Use energy-saving elevators
- Install all toilets with dual flush cistern systems, adopt ceramic sealed faucets or automatic sensing faucets, all sanitary equipment is complied with CJ164 standard in order to achieve high water efficiency

2017 Case 2: No. 1-4 Building, Block 05, North Area, Hongqiao CBD, Shanghai

This project is located in the north of the core area of Hongqiao Business District. Land planning is mainly for commercial, office and other functions, the ground floor area is about 66,700 m^2. The project has received the Certificate of Green Building Design Label (Three Star).

- Plant a large amount of outdoor vegetations to reduce solar radiation on roofs and pavements
- Make full use of underground space to alleviate the shortage of urban land resources
- Set up fixed external sunshade and indoor sunshade shutters to avoid light pollution and reduce solar radiation in summer
- Reasonable use of elevators and escalators, and take energy-saving measures such as automatic start and stop of elevators and escalators
- Set up reasonable air-conditioning systems according to the function of different rooms, such as low-speed full air system for multi-purpose halls, large meeting rooms, and other large spaces
- Use solar energy for domestic hot water system by setting solar panels on roofs
- Set up water metering devices and adopt water-saving measures such as using higher water efficiency sanitary appliances, using water-saving high pressure water guns for garage and road washing, etc.
- Use more flexible partitions for indoor designs of the project to minimize the destruction of building components

PURSUING OPERATIONAL EXCELLENCE

R&F follows the expansion model of "keeping pace with time and closely linking to urbanization" to create value for our customers, aiming to build mutually beneficial relationships.

The Group's operating process, from site selection, quality control, project support, to property management, is constantly under stringent evaluation, formulating a set of management procedures. By means of integration of corporate resources, R&F forms a complete industry chain, which allows us to connect all elements together to ensure every project is smooth and steady.

During the year, we were not aware of any incidents of non-compliance with laws and regulations that have a significant impact on the Group concerning health and safety, advertising, labelling, privacy matters and methods of redress relating to products and services provided.

Regarding property management, R&F abides by "Property Management Ordinance" and related laws and regulations. By constructing a full set of management procedures on rental management, environmental health, safety and emergency, etc., we endeavour to provide a safe and comfortable living and business environment for both households and tenants. As most of the Groups' projects involve large-scale commercial and residential sectors catering to a large population, we place strong emphasis on property safety management. In an attempt to protect clients' property and personal safety, the Group has formulated more than 10 safety related regulations, consisting of "Item Release Management Procedures", "Emergency Management Procedures for Public Security Accidents", "Fire Hazard Emergency Procedures", etc.

Fire Preventive and Control Measures

The Group has established several fire safety regulations to standardize the process of response to fire incidents and strengthen the rescue capabilities of residential and buildings' self-help systems. We have placed smoke detectors, temperature sensors and other induction devices in the relevant areas. When fire accidents happen, induction devices are activated and police is notified. Each property is equipped with an all-weather fire monitoring center. In case of fire alarm being triggered, prompt response is made to inform patrol crew to identify and confirm the danger. Once it is proved to be true, we immediately notify the police and fire department and report to the seniors. At the same time, the monitoring center mobilizes the property management personnel to start evacuation, fire extinguishing and rescue work. In order to ensure property managers understand fire extinguishing, the Group requires all sites under management to conduct an "Annual Fire Drill Program" and report to the firm, while implementing regular fire drill accordingly.

To create a comfortable environment in our properties, we have formulated regulations for vehicles and commercial operations in residential areas or buildings which include restrictions on entry of unqualified vehicles into community areas and buildings, monitoring the venues for commercial street hawking and noise generated, prohibiting disturbances to households, etc. Our property management involves operations such as decorations and landscaping. The Group adopts "Job Responsibility on Decoration Site Management" and "Management System for Remnants of Project Materials", etc., consequently reducing the impact of construction materials and waste upon property users through the regulation of construction operations.

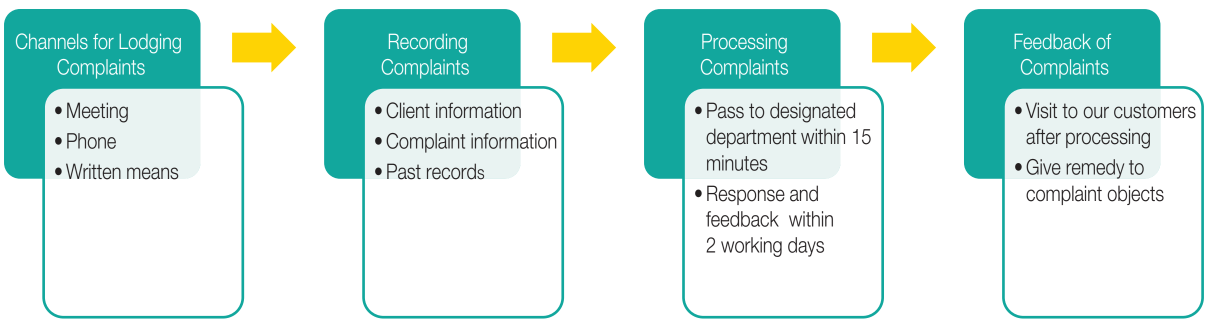
R&F is the largest owner of luxury hotels globally and has built an effective management system to supervise the work dynamics along with hotel managers. To ensure the hotels' service quality, R&F closely engages with hotel managers or designated entities. The Group examines and approves annual operational plans for hotel management, subject to evaluation on hospitality facility safety and service quality in accordance with industry standards.

The Group attaches particular importance to hotel safety management. In the case of hotel incidents, depending on the circumstances, the Group requires the management of the hotel to deliver instant oral reports and subsequently provide a written report. The hotel managers are then obligated to make a detailed report to R&F on the subject incidents and promptly report the handling progress. If the hotel managers fail to fulfil reporting duties in time, the Group treats this as inappropriate behaviour and holds them liable for non-compliance.

Customer Satisfaction

Creating value for customers is what we exist for. R&F upholds the principle of "perfect communication leads to fulfilment of living", listening to every customer's demands and views. Setting out "Customer Compliant Handling Procedures", the Group governs each department to process valuable customer complaints. All details of customer complaints are recorded. Within 15 minutes, the responsible person, based on the nature and severity of the complaint, passes it on to the designated departments for further processing. Normal complaints are responded to and explanation provided within 24 hours; whereas, complicated complaints are followed by senior personnel and preliminary response and explanations are provided within 2 working days.

Even if the complaint is completed, R&F still conducts on-site visit to guarantee effective handling and customer satisfaction. Moreover, the Group has established a universal customer service centre in more than 20 cities. The centre receives business inquiries and complaints through its service lines while keeping track of customer service to investigate and analyse customer opinions and feedbacks.



During 2017, the Group received a total of 23 complaints with compensation claims relating to property management. These were mainly for decoration defects, and damage to public facilities, for a total of about RMB270,000 insurance payments and about RMB300,000 reduction in property management fee. Customers were satisfied with the compensation amount. The 4 hotels included in the report received a total of 20 complaints concerning the compensation. Processed by the hotel management, the compensation was provided by way of fee reduction and other remedial actions aiming to achieve customer satisfaction.

Supply Chain Management

Setting up a robust supply chain management system plays a dominant role in building our reputation for providing superior quality of products and services. As a large-scale real estate enterprise, R&F establishes the supply chain management mainly for suppliers and contractors, and formulates corresponding management policies, such as "Enforcement Measures of the Group Unified Procurement Act" and "Contractor Construction Management Measures".

Regarding the procurement of major materials consumed in projects, the Group implements a universal procurement management approach. Throughout the process of supplier development, the Group's procurement centre works closely with engineering department, design management department and other related departments for on-site assessments. In addition to commercial requirements such as quality and service, the Group requires suppliers to have appropriate safe production qualifications and concern about indicators such as green environmental performance of products. Implementing dynamic assessment and annual qualification review, the Group evaluates existing suppliers below a specified score as unqualified. In 2017, R&F maintained a list of 230 major suppliers located in China.

The construction and maintenance by contractors is managed by our major regional companies. Related regional departments organize a local contractor assessment group, which performs evaluation and authentication of large-scale construction contractors in that area. Contractors need to go through our qualification review in terms of quality, environmental management, occupational health and safety management system certification and safety production license, etc. The Group regularly evaluates the contractors every 6 months or 3 months, depending on the grading of the contractors.

Regarding the hotel business, R&F always cautiously considers the selection of hotel management firms to match its service orientation, business philosophy and corporate culture. In its daily operations, the Group oversees the operation of hotel management firms by examining their compliance with national and local laws and regulations and urging them to embed energy saving and environmental protection initiatives into the hotel operation. The Group also places priority on staff development and corporate social responsibility of hotel management firms. To ensure supply chain management is legal, impartial and fair, the Group issues an “Open Letter on Regulation Business Practices” to partners as an annex to the signed contract or agreement which bears the same legal effect.

Anti-corruption

Lawful operation is critical to pursuit of sustainable development. Strictly complying with any local laws and ordinances, R&F is committed to preventing any forms of corruption, bribery, blackmail, fraud and money laundering. To tighten anti-corruption within the Group, the Group has formulated the “Honest and Self-discipline Code”, which expressly prohibits misconduct for bolstering employee integrity. The Group has also set out the corresponding code of conduct for different job positions for providing a clear guideline on employee behaviour to prevent any misbehaviour without knowledge. During the year, we were not aware of any breach of laws and regulations that have a significant impact on the Group relating to bribery, blackmail, fraud, and money laundering.

To monitor the behaviour in the Group, R&F has formulated a “Supervisory Management System” and set up an independent monitoring centre to review the rules and regulations of various departments, regions and subsidiaries of the Group, for checking administrative activities and supervising specific functions such as procurement and construction. The Group discloses the address and contact of the monitoring centre on the company’s website so that every informant can report via meeting, phones, email, mail, etc.

Moreover, the Group has set up an incentive mechanism for encouraging informants to report any misconduct. To handle cases from daily monitoring or reports, the monitoring centre has specified procedure of audit, filing, investigation, processing, objection and closure. For verified incidents of misconduct, the Group decides to penalize through “circulating a notice of criticism”, “demotion”, or even “dismissal” according to the severity of the case. Cases that violate laws and regulations are transferred to the judiciary for processing. At the same time, to prevent improper use of the monitoring mechanism, the Group has been establishing strict discipline at the monitoring centre in that every employee has the right to oversee the monitoring department.

OUR PEOPLE & COMMUNITY

The Group’s success is driven by every employee. Therefore, we are committed to strengthening our talent pool and creating a fair and transparent working environment to enhance our employees’ performance.

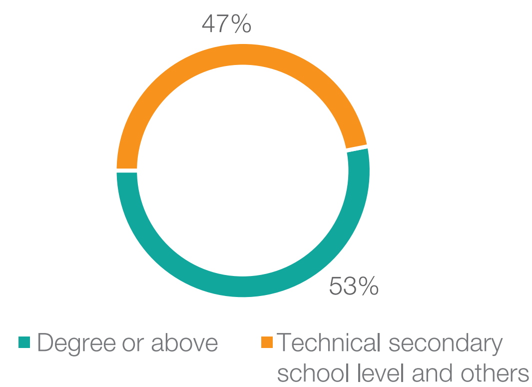
Employment Standard

Talent in the PRC real estate industry is one of the most sought-after inputs. To ensure its industry leading position, R&F has put attracting talents on a high priority. By establishing internal recruitment management system for talent acquisition, the Group ensures identification of the best fit for its employees and their respective positions. During the recruitment process, the Group follows principles of “openness, fairness, impartiality and lawfulness”. The Group implements “Human Resource Management System”, Human Resources Centre optimizes the management system based on the feedback received regularly from regional offices or subsidiaries. During the year, the Group strictly complied with the Labour Law of the PRC, the Regulations on Work Related Injury Insurance, etc., and we were not aware of any non-compliance with laws and regulations having a significant impact on the Group relating to employment and labour practices.

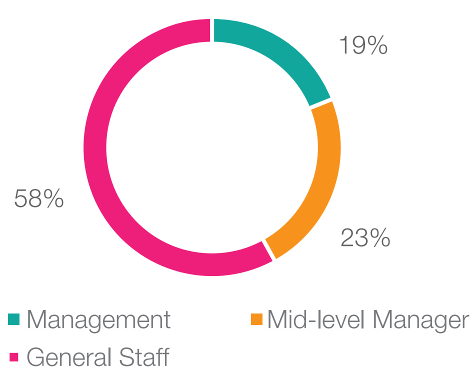
The Group has complied with international labour conventions, prohibiting the recruitment of child labour. During the recruitment process, the Group requires all candidates to provide the original and copy of identity card and inspects the validity to ensure the actual age of the candidate. Besides, we forbid any actions involving employees' rights violation. Employees have the right to terminate their labour contract in compliance with the law. During the reporting period, the Group did not identify any case related to the use of child labour and forced labour.

As of the end of 2017, the Group had a total of 30,897 employees (excluding the employees of the hotel assets acquired from Dalian Wanda Commercial Properties Co., Ltd. at the end of 2017), 53% of which hold degree or above level of education. The proportion of frontline (including mid-level manager and general staff) and management was 81% and 19%, respectively. Male to female ratio was 54:46. In terms of age, 40% of employees were under 30 years old, 53% of them were between 30-50 years old, and 7% were over 50 years old. The geographical distribution of employees was 25% in Guangzhou and 75% in other regions. The turnover rate of employees was 11%.

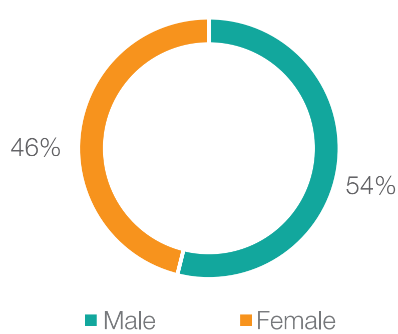
Education Profile



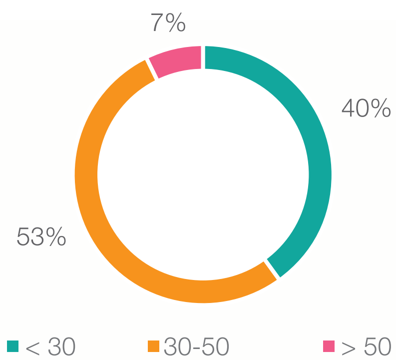
Function Profile



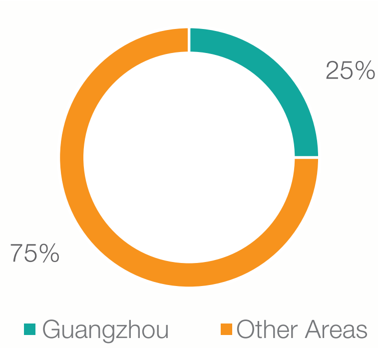
Gender Profile



Age Profile



Geographical Profile



Talent Management

R&F makes use of various recruitment channels, including social media, campus recruitment, promotions from within and external referrals. R&F Star, our campus recruitment program, has been implemented in both domestic and overseas universities annually. In addition, the Group hires from the professional talent market and job fairs. For positions of higher significance and professionalism, such as for regional and sub-department manager and above positions, the Group hires professional service agencies for recruitment.

The Group has put in place a comprehensive performance assessment mechanism to assess the performance of employees. Assessment methodology includes probation assessment, "R&F Star" assessment, general staff assessment (quarterly, mid-year and year-end assessment), promotion assessment, specialized assessment, etc. Assessment results become the basis of adjustment of remuneration and promotion for employees.

"R&F Star" Recruitment & Training Programme

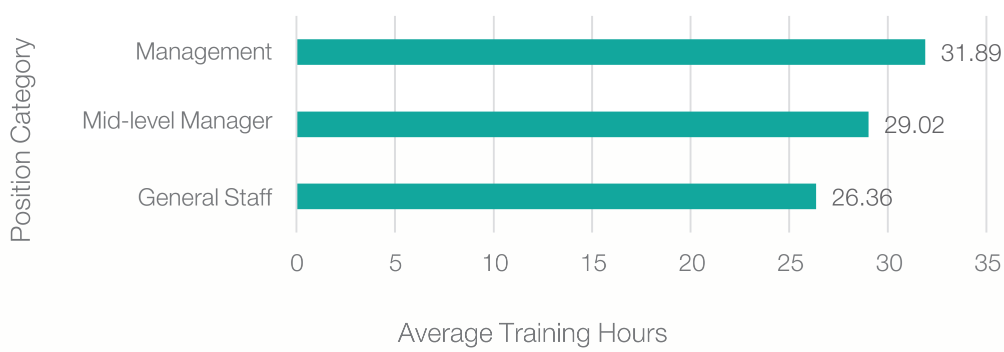
Since 2003, the Group has been holding "R&F Star", a 3-year professional development programme, luring top talents from local sources and around the world. In the first year of programme, aiming to guide our talent to gain a clear vision of real estate industry, the Group offers mentoring and job rotation covering varied functions, e.g. sales, engineering management, design management, development management and property management, etc. Then in the second year, our talents are placed in suitable positions by the Group, while we encourage our talents to explore diversified career development in the final year.

Training and Development

R&F nurtures its corporate culture and philosophy of "Enriching new thinking and building new highs" by holding a wide variety of internal activities and training so as to build a highly qualified personnel echelon. The Group has established "Training Management Regulations" whilst the Group's human resources department is responsible for constructing R&F's unique training management system, providing comprehensive and systematic training for all levels of employees to enhance their professional competency.

R&F values the transference of knowledge in its training programmes. Each year, the Group requires each department to appoint management personnel at the assistant manager level or above as a training instructor. The Group invites middle and senior management, department business staff and professional technical staff to provide relevant internal training. They can either be recommended by departments or volunteer themselves. The instructors need to possess comprehensive practical experience in the respective professional field or teaching topic and meet certain levels of theoretical knowledge.

The types of training provided by the Group include general training, professional skills training and leadership management training. In accordance with different goals of training, the Group provides training for newly recruited employees, post-specific training and project-specific training. In addition, the Group provides various forms of training that include lectures, topic specific lectures, outreach activities, on job training, job rotation, study tour, internal sharing, cross-company, department and post sharing, continual education courses, etc.

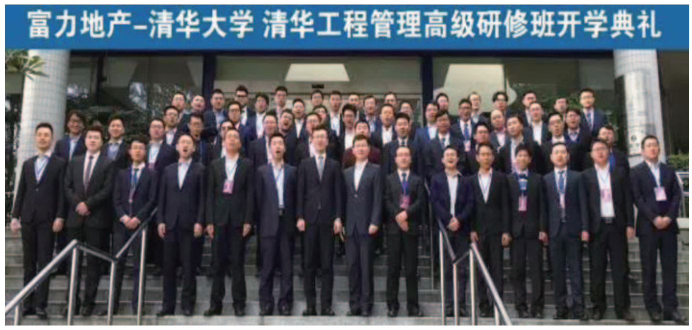


Each December, the human resources department administers a "Training Needs Questionnaire" and "Department Training Plans Declaration Form" to collect feedback from employees and various departments for training in the coming year. The Group can then cater for training needs. In addition to internal training, the Group also provides sponsorship for employees to attend external training courses.

Career Development Planning Management

In order to better nurture talents to grow and to retain talents, R&F has established career development channels, i.e. management channel and technical channel, for employees in the grade of assistant manager or above. Management channel, focuses on integrated team management while technical channel focuses on technical research and guidance. Employees can also develop their careers in horizontal direction, i.e. promotion or further development in the original post. In 2017, the average training hours of male and female employees were 31 and 21 hours, respectively and our employee training rate was 100%.

Tsinghua University Engineering Management Advanced Study



In November, R&F organized the inauguration ceremony of "6th Tsinghua University Engineering Management Advanced Study" in Xihu Yuan, South China University of Technology, offering two-day extensive professional training.

Candidates were selected from among outstanding talents in engineering, design, accounting and other fields. R&F collaborated with Tsinghua University to organise a one-year programme focusing on the training of international project management and quality control systems. Through theory, case studies, experiments and simulation, trainees' engineering theoretical and project management knowledge are enhanced. As a result, we can continuously improve engineering management competencies of employees.

General Manager in Training

In August, "R&F General Manager in Training" was officially kicked off at Ningbo, Zhejiang. The session focused on sharing hands-on experience, aiming to strengthen and supplement the Company's training system. Honorary certificates of appointment were granted to three special guest lecturers by R&F management representative. The training sessions were hosted in six different locations. The structure of it consisted of senior management experience sharing seminar, real life case study, and project exploration, etc., with content including cost control, process monitoring and comprehensive communication skills. Through the training, R&F not only trains reserve general managers of more regions and projects, but also shares and transfers the Company's existing strengths and management tips and hence promote the development of R&F.

Health and Safety

R&F values the well-being of its employees with policies and measures implemented to safeguard employees' occupational health and safety. The Group complies with the Production Safety Law. During the year, we were not aware of any non-compliance case related to health and safety that had a significant impact to the Group.

Safety Management Measures

- Safety Manual: Comprises of procedures and working requirements of daily operations in property management, handling measures of emergency situations such as fire safety control, use of pesticides and hazardous goods
- Security Management Policy: Includes emergency measures such as emergency accident treatment procedures, specific safety measures on protecting personal safety, fire emergency handling procedures, etc.
- Fire Safety Inspection: Conducts regular fire safety inspection, arranges firemen in forming 3 groups for 24 hours daily inspection. Besides, we manage bi-monthly and quarterly inspections of high-rise and ultra high-rise buildings
- Implementation of Reporting Standards: Hotel general managers report to the property owner immediately in case of the Group's hotels having witnessed major accidents, and then instantly make written reports listing the cause of accident and its treatment result to the property owner

Shouldering Social Responsibilities

R&F has been striving for excellence in creating customer value across its corporate sustainability operations framework, while remaining committed to giving back to the community. To bring warmth and affection to the needy, over the years the Group has been persisting to carry out charity activities. Uniting our force from various departments, we formed volunteer service team to regularly organize numerous volunteering activities. In 2017, R&F paid a great deal of attention to the underprivileged and youth education development. We organised and supported nearly 10 activities, resulting in about RMB14.12 million donations to community and approximately 200 volunteering hours.

To send help for the underprivileged, R&F upholds benevolence to the villagers in poor areas, the mentally disabled, children of migrant workers, and the elderly, in organizing activities such as "Meizhou Poverty Alleviation", "Caring for the Disabled, Tying Business to Righteousness", "Compassion to Child, Love without Barriers", and "Respect and Love the Elderly".

"Meizhou Poverty Alleviation": R&F collected unused clothes by sorting and processing in its 15 communities and office centres. Nearly 2,000 items of clothing were collected and donated to poor villages in Meizhou Guangdong Province, bringing warmth to the villagers during winter.

"Caring for the Disabled, Tying Business to Righteousness": R&F bought breads made by the mentally disabled at social welfare organizations. The breads were then distributed to several Grade A office buildings for days to trigger public awareness of mental disorders as well as show tolerance and care for patients.

"Compassion to Child, Love without Barriers": R&F's volunteers co-operated with external volunteering organizations to accompany children of sanitation workers and migrant workers along with mentally disabled teens in the one-day city travel. Throughout three different routes from directing the children to enjoy the city culture, science education and marine world, we spent a wonderful and joyful moment together on the Children's Day. We hope that more people can understand, embrace and care for people with mental disabilities via this activity.

"Respect and Love the Elderly": Undertaking visits to elders for the last 4 years, R&F associated with external volunteering organizations and carried out Mid-Autumn Festival Kind Visit to Homes for the Aged in Guangzhou. We prepared amazing cultural performance, interactive games and gifts for the elders, and conducted a special visit to the elders who are unable to join the activities due to disabilities.

Regarding youth education development, in 2017, R&F donated to S.T. Yau College Math Contests and Guangdong Provincial Youth Development Foundation amounts of RMB 7.5 million (total) and RMB 3 million respectively. In addition, cooperating with charity organizations, R&F lined up “2017 R&F • Walk for Read”, a large-scale charity walk activity. We gained positive recognition and response from our employees through this healthy charity walk to raise funds for children in “Walk for Read”.

<table>
<tr><td>Mr. Li Sze Lim, Chairman of R&F, shared his early study experience and encouraged students to pursue their targets in the award ceremony of S.T. Yau College Math Contests.</td><td>
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<tr><td>Mr. Li Sze Lim, Chairman of R&F, presented the awards to the winners at the award ceremony of S.T. Yau College Math Contests.</td><td>
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<tr><td>In the event “Good Care of Child Makes China’s Dreams Come True”, R&F donated RMB 3 million to Guangdong Youth Foundation to promote healthy growth of teenagers with difficulties.</td><td>
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<tr><td>“2017 R&F • Walk for Read”, a large-scale charity walk activity held at Guangzhou University City, attracted over 1,200 people as participants. The activity included participation by 200 parent-child teams and 150 standard teams. Cooperation was needed for every team to overcome challenges and complete walking distance close to 12 km within the stipulated time. All the funds raised in the current year activity were contributed to “Walk for Read Children’s Reading Fund”.</td><td>
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PERFORMANCE DATA SUMMARY

		Unit	2017
Employee	**Total Headcount**		
	By Geographical Distribution		
	Guangzhou		25%
	Other Areas		75%
	By Age		
	<30		40%
	30-50		53%
	>50		7%
	By Gender		
	Male		54%
	Female		46%
	By Educational Background		
	Degree or above		53%
	Technical secondary school level and others		47%
	By Employee Category		
	Management		19%
	Mid-level Manager		23%
	General Staff		58%
	Employees Turnover Rate		11%
	Employees Training (Average Training Hours)		
	By Employee Category		
	Management	hour	32
	Mid-level Manager	hour	29
	General Staff	hour	26
	By Gender		
	Male	hour	31
	Female	hour	21
Environment	**Total Resources Consumption**		
	Purchased Electricity	kWh	61,613,022
	Natural Gas	m^3	2,472,124
	Diesel	liter	24,803
	Gasoline	liter	898,752
	Tap Water	m^3	4,816,066
	Emissions		
	Air Pollutants		
	Sulphur oxides(SO_x)	tonnes	0.013
	Nitrogen oxides (NO_x)	tonnes	3.184
	Particulate matters (PM)	tonnes	0.300
	Solid Waste		
	Non-recycled Waste	tonnes	87,696
	Recycled Waste	tonnes	26,463
	Greenhouse Gases Emissions		
	GHG Emissions	tCO_2e	43,831
	Scope I: Direct Carbon Emissions	tCO_2e	11,355
	Scope II: Indirect Carbon Emissions	tCO_2e	32,476
Community	**Donations**	RMB ’000	14,120

ESG CONTENT INDEX

KPIs	The Stock Exchange of Hong Kong Limited "ESG Reporting Guide"	Section/Remarks
A. Environmental		
Aspect A1	**Emissions**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Creating Green Living Environment – Emission Management
KPI A1.1	The types of emissions and respective emissions data.	Creating Green Living Environment – Emission Management
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Creating Green Living Environment – Resources Consumption
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	The Group develops real estate and property projects and provides related services, which does not involve production of hazardous waste
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Creating Green Living Environment – Emission Management
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Creating Green Living Environment – Emission Management
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Creating Green Living Environment – Emission Management
Aspect A2	**Use of Resources**	
General Disclosure	Policies on efficient use of resources, including energy, water and other raw materials.	Creating Green Living Environment – Resources Consumption
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Creating Green Living Environment – Resources Consumption
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Creating Green Living Environment – Resources Consumption
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Creating Green Living Environment – Resources Conservation
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Creating Green Living Environment – Resources Conservation
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The Group develops real estate and property projects and provides related services, which does not involve the use of packaging materials

KPIs	The Stock Exchange of Hong Kong Limited "ESG Reporting Guide"	Section/Remarks
Aspect A3	**The Environment and Natural Resources**	
General Disclosure	Policies on minimizing the issuers' significant impact on the environment and natural resources.	Creating Green Living Environment – Environmental Management
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Creating Green Living Environment – Green Building
B. Social		
Aspect B1	**Employment**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer related to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Our People & Community – Employment Standard
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Our People & Community – Employment Standard
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Our People & Community – Employment Standard
Aspect B2	**Health and Safety**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Our People & Community – Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Our People & Community – Health and Safety
Aspect B3	**Development and Training**	
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Our People & Community – Training and Development
KPI B3.2	The average training hours completed per employee by employee category.	Our People & Community – Training and Development
Aspect B4	**Labour Standards**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Our People & Community – Employment Standard
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Our People & Community – Employment Standard
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Our People & Community – Employment Standard

KPIs	The Stock Exchange of Hong Kong Limited "ESG Reporting Guide"	Section/Remarks
Aspect B5	**Supply Chain Management**	
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Pursuing Operational Excellence – Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Pursuing Operational Excellence – Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Pursuing Operational Excellence – Supply Chain Management
Aspect B6	**Product Responsibility**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Pursuing Operational Excellence
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	The Group did not record any cases that subject to recalls for safety and health reasons
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Pursuing Operational Excellence – Customer Satisfaction
KPI B6.4	Description of quality assurance process and recall procedures.	Pursuing Operational Excellence
Aspect B7	**Anti-corruption**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Pursuing Operational Excellence – Anti-Corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Pursuing Operational Excellence – Anti-Corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Pursuing Operational Excellence – Anti-Corruption
Aspect B8	**Community Investment**	
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Our People & Community – Shouldering Social Responsibilities
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sports).	Our People & Community – Shouldering Social Responsibilities
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Our People & Community – Shouldering Social Responsibilities

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

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

CONSOLIDATED INCOME STATEMENT

2017

	Note	**Property development (RMB'000)**	**Property investment (RMB'000)**	**Hotel operation (RMB'000)**	**All other segments (RMB'000)**	**Group (RMB'000)**
Revenue	1	**53,709,393**	**945,058**	**2,375,117**	**2,248,287**	**59,277,855**
Cost of sales	2	**(33,532,405)**	**(29,520)**	**(1,980,345)**	**(2,773,284)**	**(38,315,554)**
Gross profit	3	**20,176,988**	**915,538**	**394,772**	**(524,997)**	**20,962,301**
Other income and other gains – net	4	**429,660**	**780,672**	**53,908**	**60,808**	**1,325,048**
Selling and administrative expenses	5	**(4,385,121)**	**(133,317)**	**(467,947)**	**(355,373)**	**(5,341,758)**
Gains on bargain purchase		**24,450**	**—**	**13,083,110**	**—**	**13,107,560**
Operating profit/(loss)		**16,245,977**	**1,562,893**	**13,063,843**	**(819,562)**	**30,053,151**
Finance costs	7	**(1,215,506)**	**(219,555)**	**(184,030)**	**(53,888)**	**(1,672,979)**
Share of results of joint ventures	6	**(33,322)**	**—**	**—**	**—**	**(33,322)**
Share of results of associates	6	**128,577**	**—**	**—**	**(407)**	**128,170**
Profit/(loss) before income tax		**15,125,726**	**1,343,338**	**12,879,813**	**(873,857)**	**28,475,020**
Income tax (expense)/credit	8	**(6,977,911)**	**(334,034)**	**56,937**	**204,243**	**(7,050,765)**
Profit/(loss) for the year	9	**8,147,815**	**1,009,304**	**12,936,750**	**(669,614)**	**21,424,255**

2016

	Note	Property development (RMB'000)	Property investment (RMB'000)	Hotel operation (RMB'000)	All other segments (RMB'000)	Group (RMB'000)
Revenue	1	49,489,281	917,914	1,361,973	1,961,171	53,730,339
Cost of sales	2	(34,745,556)	(74,807)	(1,131,691)	(2,591,545)	(38,543,599)
Gross profit	3	14,743,725	843,107	230,282	(630,374)	15,186,740
Other income and other gains – net	4	353,604	1,740,812	3,962	158,828	2,257,206
Selling and administrative expenses	5	(3,390,427)	(154,615)	(304,533)	(138,650)	(3,988,225)
Operating profit/(loss)		11,706,902	2,429,304	(70,289)	(610,196)	13,455,721
Finance costs	7	(1,952,448)	(125,829)	(173,120)	(115,648)	(2,367,045)
Share of results of joint ventures	6	844,493	—	—	—	844,493
Share of results of associates	6	(62,613)	—	—	(1,716)	(64,329)
Profit/(loss) before income tax		10,536,334	2,303,475	(243,409)	(727,560)	11,868,840
Income tax (expense)/credit	8	(4,477,905)	(573,760)	60,852	177,990	(4,812,823)
Profit/(loss) for the year	9	6,058,429	1,729,715	(182,557)	(549,570)	7,056,017

1. Revenue increased by 9% to RMB53.709 billion, from RMB49.489 billion in the previous year. This revenue was based on delivery of 4,710,000 sq.m. of sale properties in the year which was approximately 12% more than the 4,209,000 sq.m. delivered the previous year. Overall average selling price stable at around RMB11,400 per sq.m.. Eight out of eleven significant projects (with revenue not less than RMB1.5 billion) having comparable selling prices in prior year registered increase in average selling price. These projects which accounted for 35% of total revenue included R&F Yuexi in Guangzhou, R&F New Town and Tongzhou R&F Centre in Beijing, R&F Bay Shore in Huizhou, R&F City in Meizhou, R&F Mangrove Bay in Hainan, R&F City in Taiyuan and R&F City in Chongqing and had average selling price increased between 8% to 26% from the previous year. The three significant projects with selling price decrease was R&F Bay Shore in Hainan, R&F Hongqiao No. 10 in Shanghai and R&F Prosperous Palace in Taiyuan which accounted for 11% of total revenue and had a decrease of 5% to 39% in average selling price. New projects accounted for approximately 15% of total revenue. These included one residential project, R&F Princess Cove in Malaysia and one commercial project, R&F Center in Zhuhai, which together contributed RMB3.905 billion in revenue at an average selling price of RMB18,570 per sq.m.. For revenue by city, Beijing had the highest revenue of RMB8.005 billion (2016: RMB8.572 billion) and followed by Guangzhou and Hainan each accounting for 15%, 10% and 9% (2016: 17%, 12% and 4%) of total revenue respectively. Revenue in Beijing remained high. The two projects, R&F New Town and Tongzhou R&F Centre, delivered 454,200 sq.m. at an average selling price of RMB16,170 per sq.m. and generated RMB7.343 billion in revenue. Revenue of Guangzhou for the year decreased by 9% to RMB5.249 billion (2016: RMB5.789 billion). The two new projects, Guangzhou R&F Jinyu Garden and R&F Vanke Yunqi and one continuing project, R&F Yuexi, delivered 117,500 sq.m. at an average selling price of RMB21,510 sq.m. and generated RMB2.528 billion in revenue. Revenue of Hainan increased by 131% to RMB4.795 billion (2016: RMB2.072 billion) due to RMB4.255 billion in revenue from the two continuing projects R&F Bay Shore and R&F Mangrove Bay. Aside from the three cities mentioned above, Taiyuan, Hangzhou, Huizhou and Shanghai had revenue exceeding RMB3 billion. In Taiyuan's case, it was due to the delivery of two flagship projects, R&F City and R&F Prosperous Palace and one new project R&F Shangyue Court delivered 519,200 sq.m. at an average selling price of RMB8,640 per sq.m. and generated RMB4.486 billion in revenue. In Hangzhou's case, it was mainly due to the delivery of one new project, Hangzhou R&F Xinxian Park and two continuing projects R&F No. 10 and Huzhou R&F City. Huizhou's revenue was RMB3.742 billion which was mainly attributable to two continuing projects, R&F Bay Shore and R&F Hot Spring Valley. Shanghai's revenue was RMB3.152 billion which was mainly coming from one flagship project, R&F Hongqiao No. 10. Zhuhai and Tianjin with revenue exceeding RMB2 billion, Zhuhai's revenue came from its new project R&F Center and Tianjin's revenue mainly came from it two continuing projects R&F Jinmen Lake and R&F New Town.

The following table gives the breakdown of saleable area, revenue, and percentage attributable to the Group for the sale of properties during the year:

Project	Approximate saleable area sold (sq.m.)	Amount of revenue (RMB'000)	Percentage attributable to the Group (%)
Beijing			
Tongzhou R&F Center	100,733	4,091,688	100%
R&F New Town	353,418	3,250,878	100%
R&F Huilan Meiju	2,501	177,975	100%
R&F Shangyue Court	10,084	101,828	100%
R&F Golden Jubilee Garden	8,994	100,159	100%
R&F City	2,946	86,471	100%
R&F No.10	1,558	71,730	100%
R&F Peach Garden	7,559	57,649	100%
R&F Danish Town Phase II	1,793	29,660	100%
R&F Festival City	2,230	14,933	100%
R&F Xinran Court	687	13,887	100%
Others	466	8,462	100%
	492,969	**8,005,320**	
Guangzhou			
R&F Yuexi	85,864	1,537,371	100%
R&F Nansha Tangning (Nansha Prosperous Palace)	60,634	934,717	100%
R&F Ying Yao Plaza	16,862	867,297	100%
R&F Vanke Yunqi	24,224	681,469	100%
R&F Dongshan Xintiandi	11,306	533,769	100%
R&F Jinyu Garden	7,448	309,247	100%
R&F Yingtong Plaza	2,643	92,667	100%
R&F Hot Spring Village	7,031	85,340	100%
R&F Jingang City	4,369	42,470	100%
R&F Modern Plaza	868	24,947	100%
R&F Green River Garden	1,132	24,256	100%
R&F Tangning Garden	561	18,755	100%
R&F Tianxi Garden	1,382	13,224	100%
Others	2,106	83,861	100%
	226,430	**5,249,390**	
Hainan			
R&F Mangrove Bay	283,749	2,712,488	100%
R&F Bay Shore	99,794	1,542,538	100%
R&F Yingxi Valley	22,788	368,488	100%
R&F Moon Bay Shore	13,832	171,292	100%
	420,163	**4,794,806**	

Project	Approximate saleable area sold (sq.m.)	Amount of revenue (RMB'000)	Percentage attributable to the Group (%)
Taiyuan			
R&F City	240,620	1,992,149	100%
R&F Prosperous Palace	180,276	1,532,503	100%
R&F Shangyue Court	98,326	961,089	100%
R&F Xiyue Court	32,897	275,302	100%
	552,119	**4,761,043**	
Hangzhou			
R&F No.10	50,788	1,415,167	100%
R&F Xinxian Park	44,010	949,579	100%
Huzhou R&F City	110,630	923,178	100%
R&F Xixi Resident	66,525	696,610	100%
	271,953	**3,984,534**	
Huizhou			
R&F Bay Shore	177,590	1,976,679	100%
R&F Hot Spring Valley	176,706	1,440,236	100%
R&F Modern Plaza	30,621	265,598	100%
R&F Huilin Hot Spring Village	2,946	50,644	100%
R&F Ligang Center	1,702	8,573	100%
	389,565	**3,741,730**	
Shanghai			
R&F Hongqiao No.10	72,756	2,830,591	100%
R&F Bay Shore	28,266	314,333	100%
R&F Peach Garden	220	6,619	100%
	101,242	**3,151,543**	
Zhuhai			
R&F Center	81,426	2,290,900	100%
	81,426	**2,290,900**	
Tianjin			
R&F Jinmen Lake	30,356	1,073,004	100%
R&F New Town	59,276	765,036	100%
R&F Center	5,898	135,116	100%
R&F Shangyue Court	8,199	111,031	100%
R&F City	3,557	56,476	100%
R&F Guangdong Building	4,051	51,781	100%
R&F Peach Garden	630	1,866	100%
	111,967	**2,194,310**	

Project	Approximate saleable area sold (sq.m.)	Amount of revenue (RMB'000)	Percentage attributable to the Group (%)
Malaysia			
R&F Princess Cove	128,918	1,614,192	100%
	128,918	**1,614,192**	
Chongqing			
R&F City	298,229	1,589,069	100%
R&F Bay Shore	19,189	196,918	100%
Others	63	834	100%
	317,481	**1,786,821**	
Meizhou			
R&F City	348,408	1,750,313	100%
	348,408	**1,750,313**	
Harbin			
Jiangwan New Town	53,576	1,026,363	100%
R&F City	106,326	691,491	100%
	159,902	**1,717,854**	
Foshan			
R&F Plaza	107,037	1,112,958	100%
R&F International Finance Corporate	32,237	527,035	100%
	139,274	**1,639,993**	
Baotou			
R&F City	199,015	1,223,942	100%
	199,015	**1,223,942**	
Wuxi			
R&F City	81,124	726,455	100%
R&F Peach Garden	39,203	376,812	100%
R&F No.10	751	14,284	100%
	121,078	**1,117,551**	
Datong			
R&F City	205,415	961,741	100%
	205,415	**961,741**	
Nanjing			
R&F City	46,963	590,109	100%
Chuzhou R&F Wuyi Water Town	27,231	279,287	100%
R&F Shangyue Court	10,444	67,096	100%
	84,638	**936,492**	

Project	Approximate saleable area sold (sq.m.)	Amount of revenue (RMB'000)	Percentage attributable to the Group (%)
Chengdu			
R&F Peach Garden	97,991	531,477	100%
R&F Villa	10,609	166,605	100%
Others	2,410	38,632	100%
	111,010	**736,714**	
Xian			
R&F Bailu Wan	91,873	685,389	100%
R&F City	4,317	26,143	100%
	96,190	**711,532**	
Shenyang			
R&F Shangyue Court	54,127	355,209	100%
R&F Royal Villa	20,785	209,236	100%
Anshan R&F Kaixuanmen	13,548	77,214	100%
	88,460	**641,659**	
Changsha			
Xiangjiang R&F City	47,246	360,979	100%
	47,246	**360,979**	
Fuzhou			
R&F Center	10,149	235,984	100%
	10,149	**235,984**	
Shijiazhuang			
R&F City	5,318	100,050	100%
	5,318	**100,050**	
Total	**4,710,336**	**53,709,393**	

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

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

4. Other income mainly arose from interest income.

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

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

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

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

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

CONSOLIDATED BALANCE SHEET

	Note	**2017 (RMB'000)**	2016 (RMB'000)	Changes (%)
ASSETS				
Non-current assets				
Land use rights	1	**9,173,164**	1,933,706	374%
Property, plant and equipment	2	**34,234,093**	10,928,178	213%
Investment properties	3	**24,814,323**	22,068,681	12%
Intangible assets	4	**1,111,274**	1,079,572	3%
Interests in joint ventures	5	**7,395,522**	6,795,392	9%
Interests in associates	6	**229,515**	166,908	38%
Deferred income tax assets	7	**6,417,490**	4,253,861	51%
Available-for-sale financial assets	8	**527,650**	710,130	-26%
Trade and other receivables and prepayments	9	**526,289**	97,420	440%
Current assets				
Properties under development	10	**110,865,723**	81,134,542	37%
Completed properties held for sale	11	**33,449,089**	26,783,018	25%
Inventories		**419,056**	325,932	29%
Trade and other receivables and prepayments	9	**33,058,064**	21,582,812	53%
Tax prepayments		**3,672,939**	2,582,245	42%
Restricted cash	12	**12,517,580**	20,663,067	-39%
Cash and cash equivalents	12	**19,697,169**	25,306,015	-22%
LIABILITIES				
Non-current liabilities				
Long-term borrowings	13	**113,829,411**	87,170,166	31%
Deferred income tax liabilities	7	**6,720,368**	4,930,892	36%
Current liabilities				
Accruals and other payables	14	**39,439,990**	21,951,465	80%
Deposits received on sale of properties	15	**29,058,143**	19,546,810	49%
Current income tax liabilities	16	**15,752,952**	12,294,031	28%
Short-term borrowings	13	**15,360,224**	10,631,230	44%
Current portion of long-term borrowings	13	**13,054,198**	23,050,688	-43%
TOTAL EQUITY		**64,893,654**	46,836,197	39%
Perpetual capital instruments		**2,404,327**	2,404,327	0%
Non-controlling interests		**956,974**	653,718	46%

1. This related to self-use assets and hotels. The increase mainly represented by the land costs of 69 hotels acquired from Dalian Wanda and the new additions of the land costs of self-use hotels in Hainan.

2. The increase represented by: 1) the 69 hotels acquired from Dalian Wanda, 2) the further construction costs of self-use assets and 3) the further construction costs of seven hotels in Hainan, Huizhou, Tianjin, and Harbin.

3. The increase represented mainly by:1)two new investment properties in Foshan and Dalian which were obtained from acquisition and 2) the fair value gains of three existing properties in Guangzhou, Beijing and Foshan.

4. The increase was mainly related to the acquisition of soccer team members and software acquired from Dalian Wanda.

5. Increase mainly being the Group's investment in new projects in Korea and Changsha, China.

6. Increase mainly being the Group's share of profits of the project in Henan.

7. Increase of deferred income tax assets and liabilities were mainly due to the revaluation of 69 hotels acquired from Dalian Wanda.

8. The change was due to decrease 31% in the fair value of Guangzhou Securities Co., Ltd.

9. Trade receivables maintained at a controllable level of less than 10% of the contract sales for the year and there were no material overdue debts under efficient credit control. The increase was mainly due to the housing delivery on a large scale in the end of 2017 including the new delivery of Malaysian R&F Princess Cove. The increase of other receivable was due to increase of deposits for acquisitions of land and guarantee of the projects.

10. The increase was mainly coming from various new projects in Tier-2 and Tier-3 cities following the emerging market need and policy concentration in those lower-tier cities. As well as 5 new oversea projects to further diverse and expand the footprint of the group. There were 17.712 million sq.m GFA under development at 31 December 2017 as compare to 12.750 million sq.m. GFA. As long as the group's strategy on funding the land bank to secure the saleable area in the next 4 years. The group acquired 81 plots of land in 53 cities and regions during the year of 2017.

11. The increase was mainly coming from the completion of various projects in Harbin, Shenyang, Foshan, Tianjin, Beijing and Malaysia. In terms of value, Guangzhou, Beijing, Tianjin, Harbin, Hangzhou, Shanghai and Shenyang accounted for over 56% of the total.

12. The decrease represented mainly by: 1) the acquisition of business from Dalian Wanda and 2) the incorporation/establishment of among 130 company. Cash on hand still maintained at a level adequate for the Group's operation and further development.

13. Refer to "Financial resources, liquidity and liabilities".

14. Other payables and accrued charges representing approximately 51% of the total and increased by RMB11.203 billion.

15. Increase due to the rate of delivery of completed properties was slower than the rate of cash received from sale of properties during the year.

16. The increase in income tax liabilities was due to the accrued LAT and the profit tax, both of which are the results of the increase of revenue and profit.

CASH FLOW

	Note	**2017 (RMB'000)**	2016 (RMB'000)
Net cash used in operating activities	1	**(7,286,518)**	(3,337,925)
Net cash (used in)/generated from investing activities	2	**(22,584,435)**	2,526,024
Net cash generated from financing activities	3	**24,372,583**	12,079,681
Net (decrease)/increase in cash		**(5,498,370)**	11,267,780
Exchange (losses)/gains on cash		**(110,476)**	67,922
Cash at 1 January		**25,306,015**	13,970,313
Cash at 31 December		**19,697,169**	25,306,015

1. Cash used in land acquisition and construction increased significantly.

2. Mainly the cash payment for acquisition of Wanda Hotel.

3. Mainly being the increase in net proceeds from borrowings and the decrease in guarantee deposits for borrowings.

FINANCIAL RESOURCES, LIQUIDITY AND LIABILITIES

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

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

DEBT PROFILE

	Due within					
	1 year	**2 years**	**3-5 years (RMB million)**	**over 5 years**	**Total**	**Interest rate**
Bank borrowings	2,488	4,948	—	40	7,476	Fixed
Bank borrowings	13,875	13,407	10,903	15,224	53,409	Floating
Domestic bonds	—	—	47,919	946	48,865	Fixed
Medium-term notes	—	—	1,994	—	1,994	Fixed
Senior notes	5,119	—	4,652	3,206	12,977	Fixed
Other borrowings	6,841	3,900	2,260	1,499	14,500	Fixed
Other borrowings	2	1,898	899	—	2,799	Floating
Finance lease liabilities	89	89	46	—	224	Floating
	28,414	24,242	68,673	20,915	142,244	

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

Charge on assets

As at 31 December 2017, assets with total carrying values of RMB63.23 billion were pledged to secure bank loans and other borrowings amounting to RMB70.91 billion (at 31 December 2016: RMB54.15 billion).

Contingent liabilities

The Group provided guarantees in respect of bank mortgage loans taken out by purchasers of the Group's sale properties and joint liability counter-guarantees for certain borrowings granted to the Group's joint ventures and associates for project development purpose. For guarantees provided in respect of residential properties, the guarantees are released upon the issuance of real estate ownership certificates for the properties concerned. As at 31 December 2017, such guarantees totaled RMB57.88 billion, increased by 49% from RMB38.92 billion as at 31 December 2016.

EMPLOYEE AND EMOLUMENT POLICIES

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

MATERIAL ACQUISITION

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

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

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

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

THE BOARD

The board of directors (the "Board") is charged with providing overall leadership for and effective control over the Company in a way that maximizes financial performance and shareholder value. The Board formulates business policies and strategies for the Group, including dividend policy and risk management strategies. It is also responsible for implementing internal controls and monitoring their effectiveness. The day-to-day execution of the Board's policies and strategies is delegated to the Company's executive directors and a team of designated senior management. For better formulation of the Company's long-term strategic policy and the submission of A-share application in PRC, the Company authorized the formation of a specific function in 2015, of which is supported by senior management. Mr. Zheng Ercheng, an independent non-executive director of the Company, and Mr. Li Sze Lim and Mr. Zhang Li, the executive directors of the Company, are the members of that function. In 2017, it discussed and reviewed the 2018 debt financing proposal.

The Board is well-diversified in terms of gender, industry experience, professional expertise and education background. As at 31 December 2017, the Board consisted of nine directors, including four executive directors: Mr. Li Sze Lim, Chairman, Mr. Zhang Li, Co-chairman and chief executive officer, Mr. Zhou Yaonan and Mr. Lu Jing; two non-executive directors: Ms. Zhang Lin and Ms. Li Helen; and three independent non-executive directors: Mr. Zheng Ercheng, Mr. Ng Yau Wah, Daniel and Mr. Wong Chun Bong (appointed with effect from the conclusion of the annual general meeting on 19 May 2017). Mr. Lai Ming, Joseph, an independent non-executive director, has retired with effect from the conclusion of the annual general meeting on 19 May 2017. Biographical details of the directors and their relationships, if any, are set out on pages 76 to 80 of this annual report.

All directors, including non-executive directors and independent non-executive directors, have devoted sufficient time and effort to the business affairs of the Company. The Board believes that the ratio of executive directors to non-executive directors is reasonable, and provides checks and balances that are sufficient to safeguard the interests of shareholders and of the Group. The Board also believes that the independent judgments offered by non-executive directors and independent non-executive directors on issues relating to the Company's strategies, performances, conflicts of interest and management processes are valuable for protecting the interests of the Company's shareholders. The term of office of all directors shall be three years. Upon maturity of the current term of office, a director shall be eligible to offer himself/herself for re-election and reappointment.

All directors of the Company have access to timely information about the Group's business and are able to make further enquiries whenever necessary. They also have unrestricted access to the advice and services of the joint company secretaries, who are responsible for providing directors with board papers and related materials. The Board has also agreed that any director may seek independent professional advice on issues relating to the Group's business at the Company's expense.

The Company has subscribed appropriate and sufficient insurance coverage on directors' liabilities in respect of legal actions against the directors arising out of corporate activities.

Chairman and Chief Executive Officer

The Chairman, Mr. Li Sze Lim, provides leadership and oversees the Board's jobs and performances. He is responsible for the Board's effectiveness by ensuring that all key issues are discussed within the Board in a timely and informed manner, and that the Board adopts good corporate governance practices.

The Chairman from time to time holds meetings with independent non-executive directors without the presence of executive directors.

Mr. Zhang Li, the Co-chairman, is also the chief executive officer of the Company. He is responsible for the execution of all business policies, strategies, objectives and plans adopted by the Board.

The role of the chief executive officer is separate from that of the Chairman.

Independent Non-executive Directors

Pursuant to the requirement of Rule 3.10 of the Listing Rules, the Company has three independent non-executive directors, one of whom has appropriate professional qualifications in accounting and financial management. The Company has received from each of the independent non-executive directors an annual confirmation of independence. The nomination committee of the Board has also conducted an annual review of the independence of all independent non-executive directors of the Company. The Board is of the view that all the independent non-executive directors satisfied the requirement of independence as set out in Rule 3.13 of the Listing Rules and considers all of them to be independent.

The Company has maintained an updated list of its directors identifying their roles and functions on websites of the Company and the Stock Exchange. Independent non-executive directors are identified in all corporate communications that disclose the names of directors.

BOARD MEETINGS

The Board held four meetings during the year under review, and the attendance records of the directors are set out below:

Directors	Meetings attended/Total
Executive Directors	
Li Sze Lim	4/4
Zhang Li	4/4
Zhou Yaonan	4/4
Lu Jing	4/4
Non-executive Directors	
Zhang Lin	4/4
Li Helen	4/4
Independent Non-executive Directors	
Lai Ming, Joseph (retired with effect from the conclusion of the annual general meeting on 19 May 2017)	1/1
Zheng Ercheng	4/4
Ng Yau Wah, Daniel	4/4
Wong Chun Bong (appointed with effect from the conclusion of the annual general meeting on 19 May 2017)	3/3

During these Board meetings, the directors discussed matters relating to business policies and strategies, corporate governance, financial, risk management and internal control systems. They reviewed the interim and annual financial results and other relevant matters. All directors are urged to participate in these Board meetings in person, but those who are unable to attend in person can also participate via electronic means. According to the articles of association of the Company (the "Articles of Association"), directors participating by electronic means are deemed to have physically attended the Board meeting.

Notice for Board meetings are given to all directors at least 14 days prior to the date of a meeting. All directors are given the opportunity to include any matter they would like to discuss in the agenda.

The joint company secretaries assist the Chairman in preparing the agenda for the Board and Board committees' meetings and ensure that all applicable rules and regulations are followed. They also prepare detailed minutes of each meeting. After the meeting, the draft minutes are circulated to all or related directors for comment as soon as practicable. All Board members are given a copy of the final approved minutes.

Should a matter being considered involves a potential conflict of interest for a director, the director concerned will abstain from voting. Independent non-executive directors with no conflicts of interest will be present at meetings dealing with such issues.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors acknowledge their responsibility for preparation of the financial statements for the financial year ended 31 December 2017 which give a true and fair view of the state of affairs of the Company and of the Group at that date and of the Group's results and cash flows for the year then ended and are properly prepared on the going concern basis in accordance with the applicable statutory requirements and accounting standards.

The statement of the external auditor of the Company about its reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" contained in this annual report.

BOARD COMMITTEES

The Company currently maintains three Board committees with defined terms of reference which are posted on the websites of the Company and the Stock Exchange. The meetings of the Board committees adopt the practices used in the Board meetings.

Audit Committee

The audit committee was established with written terms of reference in accordance with Appendix 14 to the Listing Rules. As at the date of this report, the committee is made up of three members: a non-executive director, Ms. Li Helen, and two independent non-executive directors, Mr. Zheng Ercheng and Mr. Wong Chun Bong (appointed on 19 May 2017). The chairman of the committee is Mr. Wong Chun Bong, who has professional accounting qualifications and expertise in financial management.

The Board is responsible for presenting a clear and balanced assessment of the Group's performance, results and prospects. The audit committee is delegated by the Board to be responsible for reviewing the accounting policies and practices adopted by the Group as well as reviewing internal control, risk management and financial reporting matters of the Group. It is also tasked with coordinating with external auditors in respect of the annual audit on matters such as the scope of the audit and any issues arising from it; making recommendations to the Board on appointing or removing external auditors; and considering their remuneration and terms of engagement.

The audit committee held two meetings during the year. Following Board practice, minutes of these meetings were circulated to all members for comment, approval and record as soon as practicable after each meeting. There was no disagreement between the Board and the audit committee regarding the reappointment of external auditors. The audit committee has reviewed the annual results for the year ended 31 December 2016 and the interim results for the six months ended 30 June 2017 of the Company and discussed with the management and/or the Company's auditor the accounting policies and practices adopted by the Group, internal control, risk management and financial reporting matters of the year. The audit committee reported that there was no material uncertainty that cast doubt on the Company's going concern ability.

The attendance records of individual committee members are set out below:

Committee members	Meetings attended/Total
Wong Chun Bong (appointed on 19 May 2017)	1/1
Lai Ming, Joseph (ceased to act with effect from 19 May 2017)	1/1
Li Helen	2/2
Zheng Ercheng	2/2

Remuneration Committee

The remuneration committee was established with written terms of reference in accordance with Appendix 14 to the Listing Rules. As at the date of this report, the committee comprises three directors: Mr. Li Sze Lim, executive director, and two independent non-executive directors, Mr. Zheng Ercheng and Mr. Ng Yau Wah, Daniel. Mr. Zheng Ercheng is the chairman of the committee.

The remuneration committee is responsible for formulating and recommending to the Board on policy regarding remuneration-related matters including, among others, bonus structures and provident funds. The Company's remuneration policy is designed to ensure that the remuneration offered to employees, including executive directors and senior management, is based on factors such as levels of skill, knowledge, responsibility and involvement in the Company's affairs. The remuneration of executive directors is also linked to the Company's business performance and profitability in the context of the prevailing market conditions. The committee determines the remuneration packages of executive directors and senior management. Individual director and senior management are not involved in determining their own levels of remuneration.

During the year, the remuneration committee held one meeting, in which it reviewed the Company's remuneration policies, its terms of service contracts, and the performance of executive directors and senior management. It reported that the compensation payable by the Company to each director and senior management was in accordance with contractual terms, and that such compensation was fair and not excessive.

For the year ended 31 December 2017, the remuneration (before taxation) of the senior management by band is set out below:

Remuneration band (RMB)	Number of person
0-4,000,000	1
4,000,001-8,000,000	4
8,000,001 or above	4

Further particulars regarding the directors' emoluments as required to be disclosed pursuant to Appendix 16 of the Listing Rules are set out in note 42 to the financial statements.

The attendance records of individual committee members are set out below:

Committee members	Meetings attended/Total
Zheng Ercheng	1/1
Li Sze Lim	1/1
Ng Yau Wah, Daniel	1/1

Nomination Committee

The nomination committee has been established with written terms of reference in accordance with Appendix 14 to the Listing Rules. As at the date of this report, the committee comprises three directors: Mr. Li Sze Lim, executive director, and two independent non-executive directors, Mr. Zheng Ercheng and Mr. Wong Chun Bong (appointed on 19 May 2017). Mr. Li Sze Lim is the chairman of the committee.

The nomination committee is responsible for the formulation of nomination policy for the consideration of the Board and implementing the policy approved by the Board. Specific responsibilities include, among others, review the structure, size and composition of the Board according to the Board diversity policy (the "Board Diversity Policy"), identify and nominate candidates to fill casual vacancies of directors and make recommendations to the Board in respect of succession planning. The Board Diversity Policy specifies that the selection of candidates for appointment to the Board will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, length of service or professional experience. The nomination committee will review such policy, as appropriate, to ensure its effectiveness.

During the year, the nomination committee held one meeting, and the attendance records of individual committee members are set out below:

Committee members	Meetings attended/Total
Li Sze Lim	1/1
Lai Ming, Joseph (ceased to act with effect from 19 May 2017)	1/1
Zheng Ercheng	1/1
Wong Chun Bong (appointed on 19 May 2017)	N/A

During the year under review, the nomination committee had reviewed the structure, size and composition of the Board and considered the retirement and re-appointment of the directors and supervisor in the Company's general meeting.

CORPORATE GOVERNANCE FUNCTIONS

In the year, the Board had:

(a) developed and reviewed the Company's policies and practices on corporate governance;

(b) reviewed and monitored the training and continuous professional development of directors and senior management;

(c) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements;

(d) reviewed and monitored the code of conduct applicable to employees and directors; and

(e) reviewed the Company's compliance with the Code and disclosure in the Corporate Governance Report.

DIRECTORS' TRAINING

The Company would provide a comprehensive induction package to each newly appointed director to ensure that he/she has a proper understanding of the Group's operations and is sufficiently aware of his/her responsibilities and obligations under the relevant statutes, laws, rules and regulations.

The directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The joint company secretaries provide the directors with updates on latest changes and developments in the Listing Rules, corporate governance practices and other relevant legal and regulatory requirements from time to time.

During the year, directors are provided with updates on the Company's performance and in-house training had been arranged. A summary of training of directors is as follow:

Name of Directors	Type of Continuous Professional Development: Training on corporate governance, regulatory development and other relevant topics	Type of Continuous Professional Development: Attending corporate events or visits
Executive Directors		
Li Sze Lim	√	√
Zhang Li	√	√
Zhou Yaonan	√	√
Lu Jing	√	√
Non-executive Directors		
Zhang Lin	√	√
Li Helen	√	√
Independent Non-executive Directors		
Lai Ming, Joseph (retired with effect from the conclusion of the annual general meeting on 19 May 2017)	√	–
Zheng Ercheng	√	√
Ng Yau Wah, Daniel	√	√
Wong Chun Bong (appointed with effect from the conclusion of the annual general meeting on 19 May 2017)	√	√

SUPERVISORY COMMITTEE

The supervisory committee of the Company consists of three members, including two supervisors who represent shareholders, Ms. Liang Yingmei and Mr. Zhao Xianglin, and one who represents employees, Mr. Chen Liangnuan. The supervisors effectively performed their supervisory duties relating to the Company's operations.

During the year, the supervisory committee held two meetings, and the attendance records of individual committee members are set out below:

Committee members	Meetings attended/Total
Chen Liangnuan	2/2
Liang Yingmei	2/2
Zhao Xianglin	2/2

RE-ELECTION OF DIRECTORS AND SUPERVISORS

All directors and supervisors have entered into a service contract with the Company for a specific term of three years. They are all subject to retirement from office by rotation and re-election at the general meeting once every three years in accordance with the Articles of Association.

The term of office of (i) Mr. Li Sze Lim, Mr. Zhang Li, Mr. Zhou Yaonan and Mr. Lu Jing, the executive directors of the Company; and (ii) Mr. Ng Yau Wah, Daniel, the independent non-executive director of the Company, will expire on 30 May 2018, all of them, being eligible, have offered themselves for re-election at the forthcoming 2017 annual general meeting ("AGM").

SECURITIES TRANSACTIONS OF DIRECTORS AND SUPERVISORS

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

AUDITOR'S REMUNERATION

PricewaterhouseCoopers is the Company's external auditor. During the year, the firm had not been engaged to perform any other work that could have conflicted with its role as auditor of the Company or otherwise compromised its independence.

The audit committee has recommended to the Board, and the Board has accordingly agreed, to propose the reappointment of PricewaterhouseCoopers as the external auditor of the Group until the date of the next AGM, pending approval by shareholders at the forthcoming 2017 AGM. During the year, the total remuneration paid in respect of audit services and non-audit services was RMB6.210 million and RMB4.519 million respectively. Audit services include the review of financial information. Non-audit services mainly consisted of advisory, review and other reporting services.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

The Board, with the assistance of the audit committee, is responsible for maintaining the internal control and risk management systems effectively to protect the Group's assets and its shareholders' interests. The Company's internal control and risk management systems are embedded within its various operational departments.

The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Company has an internal audit function. The Group's system of internal control includes a well-established corporate structure and an organization with clearly defined lines of responsibility and authority, which are set out in writing in an operation manual where appropriate. Each department is responsible for its daily operations, and is required to implement the strategies and policies adopted by the Board. Each department has a responsibility to effectively use Company resources so as to avoid misappropriation or damage to assets, and to prevent errors and fraud. The Board has set up some independent monitoring departments to assist it to closely monitor the implementation of the Company's internal control system on an on-going basis and assessing their effectiveness. The scope of surveillance covers project development, tendering, sales and leasing, financial reporting, human resources and computer systems. The monitoring departments have not identified any material errors, frauds or non-compliance of the Group's policies and procedures based on its work during the year.

The Board, as a pivotal component of an effective risk governance framework, enhances its accountability with regard to risk management. A risk management system is well-established and implemented throughout the Group. The Board, with the assistance of audit committee, should collect the information from the reporting procedure of the risk management system, include discussions of risk and oversight of the management of those risks into the agenda of Board meetings.

The Company takes every precaution in its handling of inside information. The Company has implemented a set of guidelines formally adopted by the Board on 20 March 2014 which aims to prevent inadvertent or selective dissemination of inside information and above all, to ensure compliance of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO"), in relation to the disclosure of inside information.

The Board oversees the internal control and risk management systems on an ongoing basis and has conducted an interim and annual review of the effectiveness of the internal control and risk management systems of the Group for the six months ended 30 June 2017 and for the year ended 31 December 2017. It believes that the existing internal control and risk management systems are effective and adequate, and the resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions are adequate.

COMPANY SECRETARY

The joint company secretaries are full time employees of the Company and have day-to-day knowledge of the Company's affairs. For the year under review, the joint company secretaries have confirmed that each of them has undertaken enough hours of relevant professional training.

SHAREHOLDERS' RIGHTS

The proceedings of the AGM are reviewed periodically to ensure that shareholders' rights are maintained. Notice of the AGM, setting out details of each proposed resolution, voting procedures and other relevant information, is sent to all shareholders at least 30 days prior to the date of the meeting.

Vote of shareholders at general meeting will be taken by poll in accordance with the Listing Rules, unless otherwise required and permitted. Detailed procedures for conducting a poll will be explained to the shareholders at the beginning of general meeting to ensure that shareholders are familiar with such voting procedures. Separate resolution will be proposed by the chairman of general meeting in respect of each substantial issue. The poll results will be posted on the websites of the Company and the Stock Exchange on the same business day of the general meeting.

Pursuant to the Articles of Association, an extraordinary general meeting and class meeting can be convened on the requisition of shareholders, either individually or jointly, holding 10% or more of the paid up capital of the Company carrying the right of voting at such meeting of the Company. Such requisition must be in writing and the Board will follow up to convene such meeting within 30 days.

According to the Articles of Association, shareholders individually or jointly holding 3% or more of the voting shares of the Company may submit in writing interim proposals to the convenor 10 days before the date of the convening of the shareholders' general meeting.

The convenor shall, within 2 days upon receipt of such proposals, review the proposals and serve a supplementary notice of the shareholders' general meeting to announce the content of the interim proposals.

Procedures in relation to the nomination of directors by shareholders have been published on the website of the Company.

INVESTOR AND SHAREHOLDER RELATIONS

The Company aims to maintain amicable relationships with its shareholders and investors, and to enhance the transparency of its business operations. It disseminates information about its business operations to investors and shareholders in a timely manner using a variety of channels and methods. In addition to publishing interim and annual reports, the Company occasionally meets with analysts and holds press conferences. Enquiries and suggestions from shareholders, investors, media and the general public are followed up by executive directors or appropriate management staff. In addition, the corporate website is another channel through which the Company provides up-to-date information.

The AGM also serves as an important channel of communication between directors and shareholders. The chairman of the Board personally chairs the AGM to ensure shareholders' views are communicated to the Board. During the AGM, the chairman of the Board and the chairman/members of the Board committees are present to answer any queries from shareholders. External auditors are also invited to attend the AGM to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor independence.

GENERAL MEETINGS

In 2017, the Company held one general meeting (i.e. the 2016 AGM).

Attendance of the directors at the 2016 AGM is set out below:

Name of Directors	2016 AGM
Executive Directors	
Li Sze Lim	√
Zhang Li	√
Zhou Yaonan	√
Lu Jing	√
Non-executive Directors	
Zhang Lin	√
Li Helen	√
Independent Non-executive Directors	
Lai Ming, Joseph (retired with effect from the conclusion of the annual general meeting on 19 May 2017)	–
Zheng Ercheng	√
Ng Yau Wah, Daniel	√
Wong Chun Bong (appointed with effect from the conclusion of the annual general meeting on 19 May 2017)	N/A

PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

Shareholders may at any time send their enquiries and concerns to the Board in writing through the joint company secretaries whose contact details are as follows:

Joint Company Secretaries
Guangzhou R&F Properties Co., Ltd.
Room 1103, Yue Xiu Building,
160-174 Lockhart Road, Wanchai, Hong Kong
Telephone: (852) 2511 6675
Fax: (852) 2511 9087

CONSTITUTIONAL DOCUMENTS

During the year, there is no change on the Articles of Association.

REPORT OF THE DIRECTORS

The directors are pleased to submit their report, together with the audited financial statements of the Group, for the year ended 31 December 2017. The audited financial statements were approved by the directors on 19 March 2018.

PRINCIPAL ACTIVITIES

The Group's principal activity is the development of quality residential and commercial properties for sale mainly in China, and its target customers are members of China's large and growing middle class. The Group also develops hotels, office buildings and shopping malls in Beijing, Guangzhou and other cities, which are held as investment properties.

An analysis of the Group's revenue and total assets during the financial year, by business segment, is set out in note 5 to the financial statements.

A list of principal subsidiaries, joint ventures and associates, together with their places of operation and incorporation, their issued capital and registered capital, is set out in notes 11, 12 and 13 to the financial statements.

RESULTS

The profit of the Group for the year ended 31 December 2017 and the state of affairs of the Company and of the Group as at that date are set out in the financial statements on pages 86 to 191 of this annual report.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five years is set out on page 193 of this annual report. The summary of results is for comparative purposes only, and does not form an integral part of the audited financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

Details of the management discussion and analysis during the year are set out on pages 16 to 58 of this report and the paragraphs below.

Policy Risk

As an important pillar of the overall national economic development, the property industry is more susceptible to the impact of macro-economic and industrial policies.

In 2017, the PRC Government continued to carry out austerity measures to ease average selling prices and restrict multiple home purchasers which influence property developers to focus in cities where demand is targeted at end users.

Therefore, it is important for the Company to proactively adapt itself to changes in regulatory policies, and improve its risk control, business management standards on an ongoing basis and formulate reasonable business strategies.

Business Risk

Property project development comprises multiple phases and typically requires long turnover periods, significant financial investments and interaction with numerous parties. It is also subject to approval and supervision by various government authorities and will also be affected by factors such as market conditions.

The more stringent approval requirements in recent years for land transactions, housing layout planning, and application for construction permits and sales permits may result in longer turnover periods for the Company's property development and sales, and increase our development costs and development risks.

As a property development company, if we are unable to acquire land sites required for project development in a timely manner and maintain a dynamic land bank required for ongoing development, the Company's development will be restrained and the continuous growth in the Company's revenue and operating results will be affected as a result.

In 2017, the Company continues to actively develop valuable land and has acquired 81 plots of land in 53 cities and regions, increasing the land bank resources.

Market Risk

China's property sector has experienced rapid development for nearly 20 years.

As the growth rate of the industry becomes stabilised, the industry will face the risk of declining long-term potential demands. Therefore, in order to maintain and further enhance its market competitiveness, the Company implements a steady business development strategy by consolidating and developing the markets in China and actively exploring new overseas markets. In 2017, outside China, the Group has made limited land acquisitions in London and other cities.

In addition, the overseas business of the Company is primarily settled in foreign currencies, and changes in RMB exchange rates will be subject to a number of factors. This might result in exchange losses for the Company and affect the assets and business revenue of the Company denominated in RMB.

Financial Risk

The Company raises funds mainly through internal resources, bank borrowings and debt issues in the capital markets. Restrictions in access to bank borrowings, funds derived from internal resources and revenue from presales/sales of commodity housing falling short of project construction requirements, or inability to issue debt in the capital markets will affect the property project development plans of the Company and hence the business development of the Company.

In 2017, the Group has raised capital through USD senior notes, syndicated loan facility and commercial loans. It has also issued two tranches of medium-term notes as approved by National Association of Financial Market Institutional Investors.

As a PRC property development and investment company listed on the Main Board of the Stock Exchange, the Company shall comply with the relevant rules and regulations of both of the PRC and Hong Kong. On the corporate level, the Group complies with the requirements under the Companies Ordinance in Hong Kong and PRC, the Listing Rules and the SFO for, among other things, the disclosure of information and corporate governance, and the Group has adopted the Model Code.

INTERIM DIVIDEND

The Board declared an interim dividend for the six months ended 30 June 2017 of RMB0.33 per share, or a Hong Kong dollar equivalent of HK$0.386863 per share.

FINAL DIVIDEND

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

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

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

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

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

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

PROFIT DISTRIBUTION TO INVESTORS OF SOUTHBOUND TRADING

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

CLOSURE OF REGISTER OF MEMBERS FOR THE ENTITLEMENT OF DIVIDEND

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

AGM AND CLOSURE OF REGISTER OF MEMBERS FOR THE ENTITLEMENT OF ATTENDING AGM

The 2017 AGM of the Company will be held on Wednesday, 30 May 2018 and the notice of AGM will be published and dispatched in the manner as required by the Listing Rules.

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

MAJOR SUPPLIERS AND CUSTOMERS

During the year, the percentage of purchases attributable to the Group's five largest suppliers combined was less than 30% of the Group's total purchase. The percentage of revenue attributable to the Group's five largest customers combined was less than 30% of the Group's total revenue.

DONATIONS

During the year, the total amount of charitable donations made by the Group was approximately RMB14.12 million (2016: RMB12.12 million).

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

The detailed changes in property, plant and equipment, and investment properties of the Group for the year are set out in notes 8 and 9 to the financial statements, respectively.

PROPERTIES UNDER DEVELOPMENT

Details of the properties under development of the Group during the year are set out in note 16 to the financial statements.

COMPLETED PROPERTIES HELD FOR SALE

Details of the completed properties held for sale of the Group during the year are set out in note 17 to the financial statements.

BANK BORROWINGS

Particulars of the bank borrowings of the Group as at 31 December 2017 are set out in note 25 to the financial statements.

PERMITTED INDEMNITY PROVISIONS

At no time during the financial year and up to the date of this Directors' Report was or is there any permitted indemnity provision being in force for the benefit of any of the directors of the Company or an associated company.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

CAPITALIZED BORROWING COSTS

Borrowing costs capitalized by the Group during the year amounted to approximately RMB4,054 million (2016: approximately RMB5,350 million).

MAJOR PROPERTIES

Major properties of the Group as at 31 December 2017 are set out on pages 194 to 210 of this annual report.

SHARE PREMIUM AND RESERVES

Movements in the share premium and reserves of the Company during the year up to 31 December 2017 are set out in note 22 to the financial statements.

DISTRIBUTABLE RESERVES

In accordance with the Articles of Association, distribution of dividends should be made out of distributable reserves, this being the lower amount either as determined under China Accounting Standard for Business Enterprises ("CAS") or as determined under the Hong Kong Financial Reporting Standards ("HKFRS"). As at 31 December 2017, the Company's distributable reserves were approximately RMB4,579 million, being the smaller of the distributable reserves as determined under CAS and HKFRS.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year up to 31 December 2017 are set out in the statement of changes in equity on pages 90 to 91 of this annual report.

DIRECTORS AND SUPERVISORS

The directors and supervisors of the Company during the year were:

Executive Directors
Mr. Li Sze Lim
Mr. Zhang Li
Mr. Zhou Yaonan
Mr. Lu Jing

Non-executive Directors
Ms. Zhang Lin
Ms. Li Helen

Independent Non-executive Directors
Mr. Lai Ming, Joseph (retired with effect from the conclusion of the annual general meeting on 19 May 2017)
Mr. Zheng Ercheng
Mr. Ng Yau Wah, Daniel
Mr. Wong Chun Bong (appointed with effect from the conclusion of the annual general meeting on 19 May 2017)

Supervisors
Mr. Chen Liangnuan
Ms. Liang Yingmei
Mr. Zhao Xianglin

The Company has received an annual confirmation from each of the independent non-executive directors of their independence and considered all independent non-executive directors to be independent of the Company.

The term of office of (i) Mr. Li Sze Lim, Mr. Zhang Li, Mr. Zhou Yaonan and Mr. Lu Jing, the executive directors of the Company; and (ii) Mr. Ng Yau Wah, Daniel, the independent non-executive director of the Company, will expire on 30 May 2018, all of them, being eligible, have offered themselves for re-election at the forthcoming 2017 AGM.

Mr. Lai Ming, Joseph did not offer himself for re-election at the 2016 AGM due to retirement and has retired as an independent non-executive director with effect from the conclusion of the 2016 AGM.

DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S BIOGRAPHICAL DETAILS

Biographical details of the directors and supervisors of the Company and the senior management of the Group are set out on pages 76 to 80 of the annual report.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of the directors and supervisors of the Company has entered into a service contract with the Company for a term of three years. None of the directors or supervisors has entered into any service contract with the Company or any of its subsidiaries, which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transaction, arrangement or contract of significance to which the Company or any of its subsidiaries or joint ventures was a party, and in which a director or a supervisor of the Company was materially interested, whether directly or indirectly, subsisted at any time during the year or as at 31 December 2017.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, the following directors had interests in the following businesses which are considered to compete or be likely to compete, either directly or indirectly, with the business of the Group (other than those businesses where the directors were appointed as director of the businesses concerned to represent the interests of the Company/Group):

	Businesses which are considered to compete or be likely to compete, either directly or indirectly, with the business of the Group		
Name of director	**Name of entity**	**Description of business**	**Nature of the interest of the director in the entity**
Li Sze Lim	Beijing Fushengli Investment Consulting Co., Ltd. ("Fushengli")	Owns partial parking spaces in Beijing	Shareholder
Zhang Li	Fushengli	Owns partial parking spaces in Beijing	Shareholder

Mr. Li Sze Lim and Mr. Zhang Li have confirmed that Fushengli has no intention of engaging in any business (save as disclosed) which competes or is likely to compete with the Group. The Company's directors are of the view that the Company is capable of carrying on its business independently of Fushengli.

DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2017, the beneficial interests and short positions of the directors, chief executive and supervisors of the Company in the shares, underlying shares or debentures of the Company or any of the associated corporations (within the meaning of Part XV of the SFO), which are required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (ii) entered into the register required to be kept by the Company under section 352 of Part XV of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(a) Long positions in the shares, underlying shares and debentures of the Company as at 31 December 2017 were as follows:

		Number of shares				
Director/ Supervisor	Class of shares	Personal	Spouse or child under 18	Corporate interest	Total number of shares held at the end of the period	Approximate percentage of interests in the total share capital Note
Li Sze Lim	Domestic share H share	1,045,092,672 14,000,000	5,000,000	16,000,000	1,080,092,672	33.52%
Zhang Li	Domestic share H share	1,005,092,672 6,632,800	20,000,000		1,031,725,472	32.02%
Zhou Yaonan	Domestic share	22,922,624			22,922,624	0.71%
Lu Jing	Domestic share	35,078,352			35,078,352	1.09%
Li Helen	H share	1,003,600			1,003,600	0.03%
Zheng Ercheng	H share	260,280			260,280	0.01%
Ng Yau Wah, Daniel	H share	588,000			588,000	0.02%
Chen Liangnuan	Domestic share	20,000,000			20,000,000	0.62%

Note:

The Company's total number of issued shares as at 31 December 2017 was 3,222,367,344 of which 2,207,108,944 shares are domestic shares held by domestic shareholders, accounting for 68.49% of the total share capital of the Company and 1,015,258,400 shares were held by the holders of H shares, accounting for 31.51% of the total share capital of the Company.

(b) Long positions in the shares, underlying shares and debentures of the Company's associated corporations (within the meaning of Part XV of the SFO):

Director	Name of associated corporation	Type	No. of shares	Percentage of total issued capital
Li Sze Lim	Guangzhou Tianfu Property Development Co., Ltd. ("Tianfu") (Note 1)	Corporate	N/A	7.50%
	Fushengli (Note 2)	Corporate	N/A	34.64%
Zhang Li	Tianfu (Note 1)	Corporate	N/A	7.50%
	Fushengli (Note 2)	Corporate	N/A	34.64%
Li Helen	Trillion Chance Limited (Note 3)	Corporate	N/A	N/A

Notes:

1. Tianfu is 15% and 85% owned by Century Land Properties Limited and the Company respectively. Century Land Properties Limited is beneficially owned by Mr. Li Sze Lim and Mr. Zhang Li at 50% each.

2. Fushengli is 70% and 30% owned by Well Bright International Limited and Guangzhou Tianli Construction Co., Ltd. respectively. Guangzhou Tianli Construction Co., Ltd. is a subsidiary of the Company. Well Bright International Limited is 51% and 49% owned by Guangdong South China Environmental Protection Investment Co., Ltd. and Sparks Real Estate Holdings Limited respectively. Each of Mr. Li Sze Lim and Mr. Zhang Li owns 49% of Guangdong South China Environmental Protection Investment Co., Ltd. Sparks Real Estate Holdings Limited is beneficially owned by Mr. Li Sze Lim and Mr. Zhang Li at 50% each.

3. Ms. Li Helen, through Pleasant View Limited which is 100% owned by her, has an interest in US$1,050,000 of the US$800 million 5.25% senior notes due 2018 issued by Trillion Chance Limited, a wholly-owned subsidiary of the Company.

Save as disclosed above, as at 31 December 2017, none of the directors, chief executive or supervisors of the Company or their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2017, so far as the directors are aware, only the following persons (other than the directors, chief executive and supervisors of the Company) held 5% or more beneficial interests or short positions in the shares and underlying shares of the Company which would be required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, as recorded in the register as required to be kept under section 336 of the SFO.

Name of shareholder	Type of share	Number of shares (Note 1)	Approximate percentage of interests in H shares (Note 2)
BlackRock, Inc.	H share	61,634,075 (L) 501,200 (S)	6.07% 0.05%
Commonwealth Bank of Australia	H share	53,233,212 (L) 5,067,768 (S)	5.24% 0.49%
Lehman Brothers Holdings Inc.	H share	51,049,240 (L) 67,663,183 (S)	5.03% 6.66%

Notes:

1. The letters "L", "S" and "P" respectively denote a long position, short position and lending pool in the shares.
2. 1,015,258,400 shares were held by the holders of H shares, accounting for 31.51% of the total share capital of the Company.

Save as disclosed above, as at 31 December 2017, no other persons' (other than the directors', chief executive's and supervisors') interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

The Group did not adopt any share option scheme during the year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the PRC which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

FINANCIAL ASSISTANCE AND GUARANTEE TO AFFILIATED COMPANIES

The Company has not provided any financial assistance to or guarantee for facilities granted to affiliated companies (within the definition under Chapter 13 of the Listing Rules) which together in aggregate would exceed the relevant percentage of 8%, requiring disclosure under the Listing Rules.

CONNECTED TRANSACTIONS

During the year ended 31 December 2017, the Group entered into transactions with related parties as disclosed in note 39 "Significant related-party transactions" to the consolidated financial statements. These related-party transactions included the following transactions which constituted connected transactions under the Listing Rules but exempted from the reporting, announcement and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules:

1. Purchase of environment drinking water system from Guangzhou Canton-Rich Environment Inc.; and

2. Purchase of installation services from 廣州鉅融機電工程有限公司.

Save for the above exempted connected transactions, there were no other connected transactions in the year.

EVENTS AFTER THE REPORTING PERIOD

Details of the events after the reporting period are set out in note 40 to the financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

AUDITOR

The financial statements of the Group have been audited by PricewaterhouseCoopers and it has indicated its willingness to be continuously in office. A resolution will be proposed by the Board at the AGM to re-appoint the firm as the auditor of the Company until the close of the next AGM.

By order of the Board
Li Sze Lim
Chairman

Guangzhou, China
19 March 2018

Dear Shareholders,

During 2017, the Supervisory Committee (the "Committee") carried out its supervisory duties conscientiously and diligently in accordance with PRC Company Law and the Company's Articles of Association to protect the interests of shareholders.

The Committee consists of three members: Mr. Chen Liangnuan, who was elected amongst the Company's employees; and Ms. Liang Yingmei and Mr. Zhao Xianglin, both independent supervisors representing shareholders' interests. A member of the Committee attended the Board meeting at which the Company's 2017 final results were approved, and will also attend the upcoming 2017 AGM.

Throughout the year, members of the Committee monitored the performance of the Company's directors and senior management, and reviewed all material policies formulated and important decisions taken. The Committee considers that the directors and senior management have conducted the Company's business diligently and honestly with the aim of advancing its stated corporate goals, and that they have acted in the best interests of the Company and its shareholders and in compliance with the laws and regulations of the PRC and the Company's Articles of Association.

The Committee has reviewed the financial statements for the year ended 31 December 2017, which were prepared in accordance with Hong Kong Financial Reporting Standards and audited by the Company's auditor, PricewaterhouseCoopers. The Committee has also reviewed the report of the directors and the profit appropriation proposal to be presented by the Board at the forthcoming 2017 AGM. The Committee considers that the financial statements reflect a true and fair view of the Company's financial position and the results of its operations, and that they comply with all regulations applicable to the Company.

The Committee is satisfied with the business performance and achievement of the Company in 2017, and has great confidence in its future.

By order of the Supervisory Committee
Chen Liangnuan
Convenor

Guangzhou, China
19 March 2018

EXECUTIVE DIRECTORS

Li Sze Lim (李思廉), JP, aged 61, is the Chairman of the Company

Mr. Li is the founder of the Group, the Chairman, an executive director, a member of the remuneration committee and the chairman of the nomination committee of the Company. He is responsible for the strategic direction of the Group and also specially responsible for the sales and financial management function. Mr. Li obtained his bachelor degree in mathematics in 1978 from the Chinese University of Hong Kong and was a merchant when starting his career in the real estate business in 1993. In August 1994, Mr. Li and Mr. Zhang Li together founded the Company. He owns over 20 years of experience in real estate development and investment. Mr. Li is the chairman of the Council of Guangdong Chamber of Real Estate, the president of China Real Estate Developers and Investors Association, the president of Guangzhou Real Estate Association and Guangzhou Real Estate Institute, the president and the chairman of the supervisory board of New Home Association Limited and a director and part-time professor of Jinan University. Mr. Li is the brother of Ms. Li Helen who is a non-executive director of the Company. Save as disclosed above, Mr. Li is also a director of certain subsidiaries of the Company.

Zhang Li (張力) aged 65, is the Co-chairman and Chief Executive Officer of the Company

Mr. Zhang is the founder of the Group, the Co-chairman, an executive director and chief executive officer of the Company. He is mainly responsible for land acquisition, construction development, cost control and managing daily operations. Mr. Zhang started his career in the construction and renovation business. Prior to founding the Company, he was the Secretary of Youth League Committee of Guangzhou 2nd Light Industry Bureau and the Head of production department of Guangzhou Baiyun District Township Enterprise Administration. In 1993, Mr. Zhang began to engage in real estate development and in August 1994, together with Mr. Li Sze Lim, founded the Company. Mr. Zhang owns over 20 years of experience in real estate development and investment. Mr. Zhang is also chairman and executive director of Kinetic Mines and Energy Limited (Stock code: 1277), a company listed on the Hong Kong Stock Exchange. Mr. Zhang is a member of the 11th, 12th and 13th National Committee of the Chinese People's Political Consultative Conference, the president of China Real Estate Chamber of Commerce and a director and part-time professor of Jinan University. Mr. Zhang is the brother of Ms. Zhang Lin who is a non-executive director of the Company. Save as disclosed above, Mr. Zhang is also a director of certain subsidiaries of the Company.

Zhou Yaonan (周耀南) aged 64, is an Executive Director and Deputy Vice President of the Company

Mr. Zhou is primarily responsible for coordinating and monitoring the construction and development of property projects and project management of the Group. Mr. Zhou graduated from South China Normal University with a bachelor's degree. He was appointed as a deputy general manager when he joined the Group in October 1995 and was made general manager in 2005. He was elected as an executive director of the Board of the Company in October 2001 and appointed as a deputy vice president of the Company in September 2008. Mr. Zhou is currently an executive director and deputy vice president of the Company. Prior to joining the Group, he held various teaching and administrative positions with a number of middle schools in Guangzhou. Save as disclosed above, Mr. Zhou is also a director of certain subsidiaries of the Company.

Lu Jing (呂勁) aged 58, is an Executive Director of the Company

Mr. Lu graduated from the Guangdong University of Mining in 1982 with a bachelor's degree in industrial automation. He has also been awarded an EMBA degree from Peking University. Mr. Lu has been with the Company since the formation of Tianli Properties Development Co., Ltd. in August 1994, and has been serving as deputy general manager of the Company since then. He was elected as an executive director of the Board of the Company in October 2001. Mr. Lu was appointed as a general manager of the subsidiaries, Beijing R&F Properties Development Co., Ltd. and R&F (Beijing) Properties Development Co., Ltd. and was appointed as a vice director of Shanghai R&F Properties Development Co., Ltd. Prior to joining the Group, Mr. Lu was deputy manager of a pharmaceutical factory in Guangzhou. Save as disclosed above, Mr. Lu is also a director of certain subsidiaries of the Company.

NON-EXECUTIVE DIRECTORS

Zhang Lin（張琳）aged 69

Ms. Zhang is a non-executive director of the Company. Ms. Zhang graduated from the South China University of Technology having majored in electrical engineering. Ms. Zhang served as a lecturer at the South China University of Technology from 1982 to 1993 and as an associate professor in the Engineering Training Centre from 1993 to 2003. Ms. Zhang is the sister of Mr. Zhang Li.

Ms. Zhang is also a non-executive director of Kinetic Mines and Energy Limited (Stock code: 1277), a company listed on the Hong Kong Stock Exchange.

Li Helen（李海倫）aged 67

Ms. Li is a non-executive director and a member of the audit committee of the Company. Ms. Li has over 25 years of experience in international trade and has held various senior executive positions with several international companies. From 1986 to 1987, she was the managing director of Sunrise Knitwear Ltd., a knitwear manufacturing company in Hong Kong and a subsidiary of Hong Kong Sales Knitwear Ltd. From 1988 to 2005, she was the president of Great Seas Marketing Inc., a Canadian garment wholesale and distribution company. Ms. Li is the sister of Mr. Li Sze Lim.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Zheng Ercheng（鄭爾城）aged 60

Mr. Zheng is an independent non-executive director, a member of the audit committee, the chairman of the remuneration committee and a member of the nomination committee of the Company. Mr. Zheng was sub-branch deputy governor and then governor of China Construction Bank, Guangzhou Branch, Tianhe Sub-branch from 1987 to 1997 and general manager of the International Business Department of the Guangzhou Branch of the China Construction Bank from 1997 to 1999. He was the general manager of the Guangzhou Branch of Cinda Asset Management Company from 1999 to 2000. Mr. Zheng has extensive experience in the China banking industry and financial sector.

Mr. Zheng is also an independent non-executive director of Kinetic Mines and Energy Limited (Stock code: 1277), a company listed on the Hong Kong Stock Exchange.

Ng Yau Wah, Daniel（吳又華）aged 62

Mr. Ng is an independent non-executive director and a member of the remuneration committee of the Company. He obtained his bachelor degree in economics in 1978 from the York University, Canada. Mr. Ng had engaged in carpet trading and manufacturing business for more than 20 years; he was previously the executive director of International Carpet Company Limited. He is currently the executive director of Gayloy Limited, a company engaging in real estate property investment and management, leasing of property and rental of parking spaces in Hong Kong. Mr. Ng has substantial experience in property investment projects in China, Hong Kong and Malaysia.

Wong Chun Bong（王振邦）aged 59

Mr. Wong is an independent non-executive director, the chairman of the audit committee and a member of the nomination committee of the Company. Mr. Wong is a fellow member of each of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants, the Taxation Institute of Hong Kong and the Institute of Chartered Accountants in England and Wales. Mr. Wong has held a range of positions relating to the provision of assurance, taxation, accounting and financial management services. Mr. Wong holds a higher diploma in Accountancy from the Hong Kong Polytechnic, currently known as The Hong Kong Polytechnic University. Mr. Wong is currently the managing partner of a firm of certified public accountants in Hong Kong. He is also a member of both the Council and Court of The Hong Kong Polytechnic University. He was the ex-chairman of the Executive Committee of the Association of Chartered Certified Accountants in Hong Kong.

Mr. Wong is an independent non-executive director of China Goldjoy Group Limited (Stock code: 1282), a company listed on the Hong Kong Stock Exchange.

SUPERVISORS

Chen Liangnuan（陳量暖）aged 68

Mr. Chen is a supervisor of the Company. Mr. Chen graduated from Shanghai Textile College in 1977. From 1977 to 1996, Mr. Chen had served as the general manager or party secretary of various textile factories in Guangzhou. Mr. Chen joined Guangzhou Tianli Construction Co., Ltd. ("Tianli") in 1996 as its general manager and is now its supervisor. Tianli is a wholly-owned subsidiary of the Company. Mr. Chen was also the director of Tianli, Foshan Lizun Metal Products Co., Ltd.（佛山力尊金屬製品有限公司）and Guangzhou Tianyin Landscape Engineering Co., Ltd.（廣州天盈園林工程有限公司）. Save as disclosed above, Mr. Chen is also a director of certain subsidiaries of the Company.

Liang Yingmei（梁英梅）aged 77

Ms. Liang is a supervisor of the Company (representative of shareholders). Ms. Liang received a bachelor's degree in chemistry from the South China University of Technology in 1964. She was the chairman of the Association of the Construction Materials Industry of Guangzhou. Prior to 2000, she served as an engineer, a deputy general manager and finally chairman and general manager of Guangzhou Construction Materials Group Corporation. Ms. Liang has over 40 years of experience in the construction industry.

Zhao Xianglin（趙祥林）aged 76

Mr. Zhao is a supervisor of the Company (representative of shareholders). Mr. Zhao graduated from Yangzhou University in 1964 with a higher education diploma. From 1969 to 2002, Mr. Zhao was a senior teacher at the Affiliated High School of Yangzhou University ("AHSYU"). During Mr. Zhao's tenure at AHSYU, he was also the head of the Music Curriculum Development Team, vice-president of the Labor Union and the director of the Office of School Sponsored Enterprises of AHSYU. From 1998 to 2002, Mr. Zhao was a member of the Political Consultative Conference of the City of Yangzhou. Mr. Zhao is very experienced in supervising the functioning of sizable enterprises.

SENIOR MANAGEMENT

Zhu Ling（朱玲）aged 51, is the Chief Financial Officer of the Company

Ms. Zhu graduated from Research Center for International Management at Tsinghua University majoring in financial accounting and capital operation and Tianjin University of Finance and Economics majoring in financial management in 2007 and 2009 respectively. Prior to joining the Company, Ms. Zhu had worked with, among others, Guangzhou Suburban District Sugar Tobacco and Liquor Company（廣州郊區糖煙酒公司）, China National Aero-Technology Import & Export Corporation Guangzhou Hangcheng Company（中國航空技術進出口公司廣州航城公司）as chief financial officer or financial manager. Ms. Zhu had held the positions of financial controller and vice general manager of the Company since February 1995 and became the chief financial officer of the Company since October 2005. Save as disclosed above, Ms. Zhu is also a director of a subsidiary of the Company.

Wang Heng（王珩）aged 48, is a vice president of the Company

Ms. Wang graduated from Shanghai Jiaotong University. She was a lecturer in Guangzhou Normal Institute from 1992 to 1995. Prior to joining the Company in 1995, Ms. Wang held several positions in the Company, such as manager of human resources and administration department, director of human resources and administration department and secretary of the Board of the Company. Ms. Wang was appointed as secretary of the Board of the Company in 2001, vice general manager of the Company in 2003. She has been appointed as vice president of the Company since December 2010. Save as disclosed above, Ms. Wang is also a director of certain subsidiaries of the Company.

Zhang Hui（張輝）aged 43, is a vice president of the Company

Mr. Zhang graduated from South China University of Technology with a major in architecture. Mr. Zhang worked with Guangzhou Design Institute from 1998 to 2002. Upon joining the Company in 2002, Mr. Zhang held several positions in the Company from 2002 to 2005, such as vice chief engineer and chief engineer of the Company. He was appointed as vice general manager of the Company in 2005 and as general manager of Beijing R&F Properties Development Co., Ltd. and R&F (Beijing) Properties Development Co., Ltd., the subsidiaries of the Company, in 2007, principally in charge of project development in Beijing. Mr. Zhang has been appointed as a vice president of the Company since December 2010. He was appointed as chairman of Great Northern region and chairman of R&F (Beijing) Properties Development Co., Ltd. since December 2017. Save as disclosed above, Mr. Zhang is also a director of certain subsidiaries of the Company.

Liu Zhen（劉臻）aged 52, is a vice president of the Company and general manager of Southern China region

Prior to joining the Company, Mr. Liu had worked with Guangdong Guangxin Project Management Co., Ltd. (廣東廣信監理工程有限公司) and Guangdong Xinyu Construction Decoration Engineering Co., Ltd. (廣東信譽建築裝飾工程有限公司). Since joining the Company in 2002 until 2008, Mr. Liu held several positions in the Company, such as project manager and general manager of the Company's engineering department. In 2008, Mr. Liu was appointed as a vice general manager of the Company. In 2009, he was appointed as a vice general manager of the Company and chairman of Guangdong Hengli Engineering Co., Ltd. (廣東恒力建設工程有限公司), a subsidiary of the Company. In March 2013, he was appointed as a vice general manager of the Company and general manager of Southern China region. He has been appointed as a vice president of the Company and general manager of Southern China region since July 2016. Save as disclosed above, Mr. Liu is also a director of certain subsidiaries of the Company.

Zhao Feng（趙渢）aged 48, is a vice president of the Company and chairman of Hainan R&F Properties Development Co., Ltd.（海南富力房地產開發有限公司）

Prior to joining the Company, Mr. Zhao had held the position of general manager of Guangzhou Yue Fu Technologies (Environmental) Inc. Since joining the Company in 2004 until 2008, Mr. Zhao had held several positions in the Company, such as general manager of Shenyang Yilong Housing Development Co., Ltd., executive vice general manager and general manager of the Company's engineering department. In 2009, Mr. Zhao was appointed as a vice general manager of the Company and chairman of Hainan R&F Properties Development Co., Ltd. Since July 2016, Mr. Zhao has been appointed as a vice president of the Company and chairman of Hainan R&F Properties Development Co., Ltd. Save as disclosed above, Mr. Zhao is also a director of certain subsidiaries of the Company.

Zhang Yanqi（張彥琦）aged 39, is a vice president of the Company

Since 2001, Mr. Zhang had been a project manager and a vice general manager of the Company's engineering department, assistant to chairman of Beijing R&F Properties Development Co., Ltd., a subsidiary of the Company, general manager for northern region of Guangzhou Tianli Construction Co., Ltd., a subsidiary of the Company, and a vice general manager of the Company. Mr. Zhang has been appointed as a vice president of the Company since October 2014.

Xiang Lijun（相立軍）aged 45, is a vice president of the Company

Upon joining the Company in 2005, Mr. Xiang had held the position of a vice general manager of Guangzhou Tianli Construction Co., Ltd., a subsidiary of the Company. Since March 2013, he was appointed as a vice general manager of the Company. He has been appointed as a vice president of the Company since July 2016. Save as disclosed above, Mr. Xiang is also a director of certain subsidiaries of the Company.

Yang Ye（楊曄）aged 38, is a vice president of the Company, general manager of Eastern China region and chairman of Shanghai R&F Properties Development Co., Ltd.

Mr. Yang graduated from Changsha University of Science & Technology and South China University of Technology with a bachelor degree in architecture and a master degree in urban planning respectively. Prior to joining the Company, Mr. Yang worked with the Artman Group Canada. Upon joining the Company in 2006, Mr. Yang held the positions of assistant to chief engineer and vice chief engineer of the Company. He was appointed as the general manager of Hangzhou R&F Properties Development Co., Ltd. in 2012, as the vice general manager of the Company, general manager of Eastern China region and general manager of Hangzhou R&F Properties Development Co., Ltd. in 2015 and as the vice general manager of the Company, general manager of Eastern China region and chairman of Shanghai R&F Properties Development Co., Ltd. in 2016. He is currently a vice president of the Company, general manager of Eastern China region and chairman of Shanghai R&F Properties Development Co., Ltd. Save as disclosed above, Mr. Yang is also a director of certain subsidiaries of the Company.

Hu Jie（胡杰）aged 42, is secretary of the Board of the Company

Mr. Hu graduated from Jinan University with a master degree in finance. Prior to joining the Company, he had worked with China Southern Securities Co., Ltd. and Ping An Securities Limited engaging in investment banking business. Upon joining the Company in 2002, Mr. Hu held the position of manager of investment department, in charge of company restructuring, listing and major investment as well as financing. He has been appointed as secretary of the Board of the Company since June 2007.

To the Shareholders of Guangzhou R&F Properties Co., Ltd.
(incorporated in the People's Republic of China with limited liability)

OPINION

What we have audited

The consolidated financial statements of Guangzhou R&F Properties Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 86 to 191, which comprise:

- the consolidated balance sheet as at 31 December 2017;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (Continued)

Key audit matters identified in our audit are summarised as follows:

- Acquisition of business from Dalian Wanda Commercial Properties Co., Ltd. ("Dalian Wanda")
- Valuation of investment properties

Key Audit Matter	How our audit addressed the Key Audit Matter
Acquisition of business from Dalian Wanda Refer to Note 4 "Critical accounting estimates and judgements" and Note 6 "Business combination" to the consolidated financial statements. Pursuant to a sale and purchase agreement dated 19 July 2017, and supplemental agreements dated 20 October 2017 and 23 November 2017 entered into between the Company and Dalian Wanda (the "S&P Agreements"), the Company completed the acquisitions of 68 holding companies (the "Transferred Holding Companies"), which held 69 hotels and an investment property (namely Dalian Wanda Commercial Center) (collectively the "70 Assets"), from Dalian Wanda on 31 October 2017 and 23 November 2017, respectively (the "Acquisition Completed in 2017"). The total considerations for the Acquisition Completed in 2017 were RMB17,676,550,000. Management performed purchase price allocation assessment on the fair values of identifiable assets and liabilities of the Transferred Holding Companies as at the respective acquisition dates. To assist management in this assessment, an independent valuer has been engaged to perform valuations on the 70 Assets. Bargain purchase gain recognised for the Acquisition Completed in 2017 was approximately RMB13,083,110,000. We focused on this area as the amounts involved are significant and the valuations of the 70 Assets included certain key assumptions that involved significant management estimates, including room rates, occupancy rates, gross operating profit margins, discount rates, capitalisation rates, market rents and market price of land (the "Key Assumptions I").	Our audit procedures in relation to the Acquisition Completed in 2017 included the following, on a sampling basis (where appropriate): • Obtained and examined the S&P Agreements, the board resolution in connection with the Acquisition and other related documents to identify the key transaction terms and conditions, evaluated management's determination of acquisition dates and appropriateness of accounting treatment in accordance with the Group's accounting policies and applicable accounting standards; • Examined the bank slip for settlement of considerations; • Evaluated the independent external valuer's competence, capabilities and objectivity; • Checked the underlying data of number of guestrooms, historical occupancy rates, historical room rates, historical gross operating profit margin, tenancy term against the supporting evidence; • Assessed the methodologies and the key assumptions used, including the Key Assumptions I with the assistance from our in-house valuation experts. We benchmarked these major parameters used in the valuations with sources which are based on our recent experience in locations and segments similar to the properties valued and our market research results; • Performed sensitivity analysis over the key assumptions; • Evaluated the management's assessments of the fair values of identifiable assets (other than the 70 Assets) and liabilities of Transferred Holding Companies.

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
	• Checked the mathematical accuracy of the computation of the bargain purchase gain. Based on above, we found that the key assumptions used in the valuations of the 70 Assets, including the Key Assumptions I, and the accounting associated with the Acquisition Completed in 2017 were supportable by the available evidence.
Valuations of investment properties Refer to Note 2.8 "Summary of significant accounting policies-Investment properties", Note 4 "Critical accounting estimates and judgements" and Note 9 "Investment properties" to the consolidated financial statements. Management estimated the fair value of the Group's investment properties to be RMB24,814,323,000 as at 31 December 2017, with a revaluation gain of RMB780,672,000 for the year. Independent external valuations were obtained for all of the investment properties in order to support management's estimates. Fair values of completed investment properties are derived using the term and reversionary method or the direct comparison method, where applicable. We focused on this area as the valuations included certain key assumptions that involved significant management estimates, including term and reversionary yields, market rents and market prices (the "Key Assumptions II").	Our audit procedures in relation to management's valuations of investment properties included the following: • Evaluated the independent external valuer's competence, capabilities and objectivity; • Checked the underlying data of area, tenancy term and occupancy against the supporting evidence and checked the mathematical accuracy of the valuations; • Assessed the methodologies and the key assumptions used, including the Key Assumptions II with the assistance from our in-house valuation experts. We benchmarked these major parameters used in the valuations with sources which are based on our recent experience in locations and segments similar to the investment properties valued and our market research results. • Performed sensitivity analysis over the key assumptions. We found the key assumptions used in the valuation of investment properties, including the Key Assumptions II, were supported by the available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ho Chiu Yin, Ivan.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 19 March 2018

CONSOLIDATED BALANCE SHEET

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	As at 31 December 2017	2016
ASSETS			
Non-current assets			
Land use rights	7	**9,173,164**	1,933,706
Property, plant and equipment	8	**34,234,093**	10,928,178
Investment properties	9	**24,814,323**	22,068,681
Intangible assets	10	**1,111,274**	1,079,572
Interests in joint ventures	12	**7,395,522**	6,795,392
Interests in associates	13	**229,515**	166,908
Deferred income tax assets	26	**6,417,490**	4,253,861
Available-for-sale financial assets	14	**527,650**	710,130
Trade and other receivables and prepayments	18	**526,289**	97,420
		84,429,320	48,033,848
Current assets			
Properties under development	16	**110,865,723**	81,134,542
Completed properties held for sale	17	**33,449,089**	26,783,018
Inventories		**419,056**	325,932
Trade and other receivables and prepayments	18	**33,058,064**	21,582,812
Tax prepayments		**3,672,939**	2,582,245
Restricted cash	19	**12,517,580**	20,663,067
Cash and cash equivalents	20	**19,697,169**	25,306,015
		213,679,620	178,377,631
Total assets		**298,108,940**	226,411,479
EQUITY			
Equity attributable to owners of the Company			
Share capital	21	**805,592**	805,592
Other reserves	22	**4,566,257**	4,679,469
Retained earnings		**56,160,504**	38,293,091
		61,532,353	43,778,152
Perpetual capital instruments	23	**2,404,327**	2,404,327
Non-controlling interests		**956,974**	653,718
Total equity		**64,893,654**	46,836,197

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	As at 31 December 2017	2016
LIABILITIES			
Non-current liabilities			
Long-term borrowings	25	**113,829,411**	87,170,166
Deferred income tax liabilities	26	**6,720,368**	4,930,892
		120,549,779	92,101,058
Current liabilities			
Accruals and other payables	24	**39,439,990**	21,951,465
Deposits received on sale of properties		**29,058,143**	19,546,810
Current income tax liabilities	27	**15,752,952**	12,294,031
Short-term borrowings	25	**15,360,224**	10,631,230
Current portion of long-term borrowings	25	**13,054,198**	23,050,688
		112,665,507	87,474,224
Total liabilities		**233,215,286**	179,575,282
Total equity and liabilities		**298,108,940**	226,411,479

The notes on pages 93 to 191 are an integral part of these consolidated financial statements.

The financial statements on pages 86 to 191 were approved by the Board of Directors on 19 March 2018 and were signed on its behalf.

Li Sze Lim
Director

Zhang Li
Director

CONSOLIDATED INCOME STATEMENT

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	Year ended 31 December 2017	2016
Revenue	5	59,277,855	53,730,339
Cost of sales	30	(38,315,554)	(38,543,599)
Gross profit		20,962,301	15,186,740
Other income	28	379,863	328,987
Other gains – net	29	945,185	1,928,219
Selling and marketing costs	30	(1,814,776)	(1,315,362)
Administrative expenses	30	(3,526,982)	(2,672,863)
Gains on bargain purchase	6	13,107,560	–
Operating profit		30,053,151	13,455,721
Finance costs	32	(1,672,979)	(2,367,045)
Share of results of joint ventures		(33,322)	844,493
Share of results of associates		128,170	(64,329)
Profit before income tax		28,475,020	11,868,840
Income tax expenses	33	(7,050,765)	(4,812,823)
Profit for the year		21,424,255	7,056,017
Profit attributable to:			
– Owners of the Company		21,186,451	6,755,908
– Holders of perpetual capital instruments		143,567	273,943
– Non-controlling interests		94,237	26,166
		21,424,255	7,056,017
Basic and diluted earnings per share for profit attributable to owners of the Company (expressed in RMB Yuan per share)	34	6.5748	2.0997

The notes on pages 93 to 191 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	Year ended 31 December 2017	2016
Profit for the year		**21,424,255**	7,056,017
Other comprehensive (loss)/income			
Items that may be reclassified to profit or loss			
– Fair value (losses)/gains on available-for-sale financial assets, net of tax	22	**(136,860)**	48,743
– Currency translation differences	22	**21,024**	(4,792)
Other comprehensive (loss)/income for the year, net of tax		**(115,836)**	43,951
Total comprehensive income for the year		**21,308,419**	7,099,968
Total comprehensive income attributable to:			
– Owners of the Company		**21,070,615**	6,799,859
– Holders of perpetual capital instruments	23	**143,567**	273,943
– Non-controlling interests		**94,237**	26,166
		21,308,419	7,099,968

The notes on pages 93 to 191 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in RMB Yuan thousands unless otherwise stated)

	Attributable to owners of the Company							
	Share capital	Shares held for Share Award Scheme	Other reserves	Retained earnings	Total	Perpetual capital instruments	Non–Controlling interests	Total equity
Balance at 1 January 2016	805,592	(88,947)	4,590,948	35,404,023	40,711,616	7,977,869	527,895	49,217,380
Comprehensive income								
Profit for the year	–	–	–	6,755,908	6,755,908	273,943	26,166	7,056,017
Other comprehensive income								
Fair value gains on available-for-sale financial assets, net of tax	–	–	48,743	–	48,743	–	–	48,743
Currency translation differences	–	–	(4,792)	–	(4,792)	–	–	(4,792)
Total other comprehensive income, net of tax	–	–	43,951	–	43,951	–	–	43,951
Total comprehensive income for the year	–	–	43,951	6,755,908	6,799,859	273,943	26,166	7,099,968
Transactions with owners								
Acquisitions of subsidiaries	–	–	–	–	–	–	89,657	89,657
Capital contributions from non-controlling interests	–	–	–	–	–	–	10,000	10,000
Dividends for the year	–	–	–	(3,866,840)	(3,866,840)	–	–	(3,866,840)
Disposals of shares held for Share Award Scheme	–	88,947	44,570	–	133,517	–	–	133,517
Issuance of perpetual capital instruments	–	–	–	–	–	2,400,000	–	2,400,000
Redemptions of perpetual capital instruments	–	–	–	–	–	(7,900,000)	–	(7,900,000)
Distributions to holders of perpetual capital instruments	–	–	–	–	–	(347,485)	–	(347,485)
Total transactions with owners	–	88,947	44,570	(3,866,840)	(3,733,323)	(5,847,485)	99,657	(9,481,151)
Balance at 31 December 2016	805,592	–	4,679,469	38,293,091	43,778,152	2,404,327	653,718	46,836,197

(All amounts in RMB Yuan thousands unless otherwise stated)

	Attributable to owners of the Company						
	Share capital	Other reserves	Retained earnings	Total	Perpetual capital instruments	Non–Controlling interests	Total equity
Balance at 1 January 2017	805,592	4,679,469	38,293,091	43,778,152	2,404,327	653,718	46,836,197
Comprehensive income							
Profit for the year	–	–	21,186,451	21,186,451	143,567	94,237	21,424,255
Other comprehensive loss							
Fair value losses on available-for-sale financial assets, net of tax	–	(136,860)	–	(136,860)	–	–	(136,860)
Currency translation differences	–	21,024	–	21,024	–	–	21,024
Total other comprehensive loss, net of tax	–	(115,836)	–	(115,836)	–	–	(115,836)
Total comprehensive income for the year	–	(115,836)	21,186,451	21,070,615	143,567	94,237	21,308,419
Transactions with owners							
Changes in ownership interests in subsidiaries without change of control	–	2,624	–	2,624	–	(16,718)	(14,094)
Acquisitions of subsidiaries	–	–	–	–	–	186,250	186,250
Capital contributions from non-controlling interests	–	–	–	–	–	39,487	39,487
Dividends for the year	–	–	(3,319,038)	(3,319,038)	–	–	(3,319,038)
Distributions to holders of perpetual capital instruments	–	–	–	–	(143,567)	–	(143,567)
Total transactions with owners	–	2,624	(3,319,038)	(3,316,414)	(143,567)	209,019	(3,250,962)
Balance at 31 December 2017	805,592	4,566,257	56,160,504	61,532,353	2,404,327	956,974	64,893,654

The notes on pages 93 to 191 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	Year ended 31 December 2017	2016
Cash flows from operating activities			
Cash generated from operations	36(a)	**3,267,477**	5,705,252
Interest paid		**(6,355,828)**	(5,217,113)
Enterprise income tax and land appreciation tax paid		**(4,198,167)**	(3,826,064)
Net cash used in operating activities		**(7,286,518)**	(3,337,925)
Cash flows from investing activities			
Purchases of property, plant and equipment and land use rights		**(1,819,327)**	(1,246,366)
Purchases of intangible assets		**(72,373)**	(170,930)
Additions of investment properties		**(196,630)**	–
Proceeds from disposals of property, plant and equipment		**2,099**	59,605
Proceeds from disposals of land use rights		**100,790**	–
Proceeds from disposals of intangible assets		**101,446**	128,000
Investments in available-for-sale financial assets, joint ventures and associates		**(947,808)**	(177,755)
Proceeds on disposal of an associate		**240,623**	–
Acquisitions of subsidiaries, net of cash acquired		**(18,639,771)**	(527,925)
Prepayment made for acquisitions of subsidiaries		**(525,369)**	(97,420)
Cash repayments from joint ventures and associates		**3,272,214**	5,113,343
Cash advances to joint ventures and associates		**(4,341,255)**	(1,320,428)
Dividends received on available-for-sale financial assets		**10,233**	17,631
Dividends received from an associate		**31,837**	3,375
Decrease in time deposits		**–**	500,000
Decrease in guarantee deposits for borrowings of a related party		**–**	50,000
Interest received		**198,856**	194,894
Net cash (used in)/generated from investing activities		**(22,584,435)**	2,526,024
Cash flows from financing activities			
Proceeds from borrowings, net of transaction costs	36(b)	**66,076,750**	72,842,491
Repayments of borrowings	36(b)	**(44,822,714)**	(38,995,331)
Repayments of finance lease liabilities	36(b)	**(101,984)**	(221,597)
Decrease/(increase) in guarantee deposits for borrowings		**6,656,795**	(11,975,074)
Net proceeds from issuance of perpetual capital instruments		**–**	2,400,000
Redemption of perpetual capital instruments		**–**	(7,900,000)
Distributions paid to holders of perpetual capital instruments		**(143,567)**	(347,485)
Proceeds from disposals of shares for Share Award Scheme		**–**	133,517
Purchases of non-controlling interests		**(13,146)**	–
Capital contributions from non-controlling interests		**39,487**	10,000
Dividends paid to owners of the Company		**(3,319,038)**	(3,866,840)
Net cash generated from financing activities		**24,372,583**	12,079,681
Net (decrease)/increase in cash and cash equivalents		**(5,498,370)**	11,267,780
Exchange (losses)/gains on cash and cash equivalents		**(110,476)**	67,922
Cash and cash equivalents at beginning of year		**25,306,015**	13,970,313
Cash and cash equivalents at end of year	20	**19,697,169**	25,306,015

The notes on pages 93 to 191 are an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

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

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

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

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

The financial position and performance of the Group was particularly affected by the following event and transaction during the year ended 31 December 2017:

- As detailed in Note 6(a), the Group acquired 69 hotels and a commercial center from Dalian Wanda Commercial Properties Co., Ltd. ("Dalian Wanda") during the year, resulting in the recognition of gain on bargain purchase.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Company and its subsidiaries.

2.1 Basis of preparation

(a) Compliance with HKFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and requirements of the Hong Kong Companies ordinance Cap. 622.

(b) Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and investment properties which are carried at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

(All amounts in RMB Yuan thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(c) New and amended standards adopted by the Group

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

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

The amendments to HKAS 7 require disclosure of changes in liabilities arising from financing activities, see Note 36(b). The adoption of the remaining new and amended standards has no material impact on the Group's financial statements.

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

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2017 reporting periods and have not been early adopted by the Group. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except those set out in Note (i), (ii) and (iii).

Standards	Subject	Effective for annual periods beginning on or after
HKFRS15 (Note (i))	Revenue from Contracts with Customers	1 January 2018
HKFRS 9 (Note (ii))	Financial Instruments	1 January 2018
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendment to HKFRS 1	First Time Adoption of HKFRS	1 January 2018
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts	1 January 2018
Amendment to HKAS 28	Investments in Associates and Joint Ventures	1 January 2018
Amendment to HKAS 40	Transfers of Investment Property	1 January 2018
HK (IFRIC) 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
HKFRS 9 (Amendment)	Repayment Features with Negative Compensation	1 January 2019
HKSA 28 (Amendment)	Long-term Interests in an Associate or Joint Ventures	1 January 2019
HKFRS 16 (Note (iii))	Leases	1 January 2019
Annual Improvements to 2015-2017 Cycle	Improvements to HKFRSs	1 January 2019
HK (IFRIC) 23	Uncertainty over Income Tax Treatments	1 January 2019
HKFRS 17	Insurance Contracts	1 January 2021
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

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

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

Nature of change

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts and the related literature.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Impact

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

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

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

Impact (Continued)

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

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

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

Date of adoption by Group

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

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

(ii) HKFRS 9, 'Financial instruments'

Nature of change

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

Impact

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

The majority of the Group's equity instruments that are currently classified as available-for-sale (AFS) will satisfy the conditions for classification as at fair value through other comprehensive income (FVOCI) and hence there will be no change to the accounting for these assets.

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

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

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

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under HKFRS 15 Revenue from contracts with customers, lease receivables, loan commitments and certain financial guarantee contracts. While the Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

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

(ii) HKFRS 9, 'Financial instruments' (Continued)

Date of adoption by Group

HKFRS 9 must be applied for financial years commencing on or after 1 January 2018. The Group will apply the new rules retrospectively from 1 January 2018, with the practical expedients permitted under the standard. Comparatives for 2017 will not be restated.

(iii) HKFRS 16, 'Leases'

Nature of change

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

The accounting for lessors will not significantly change.

Impact

The standard will affect primarily the accounting for Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of RMB103,965,000, see Note 38. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

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

Date of adoption by Group

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Principles of consolidation and equity accounting

2.2.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 2.3).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

2.2.2 Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see Note 2.2.4 below), after initially being recognised at cost.

2.2.3 Joint arrangements

Under HKFRS 11 joint arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

Interests in joint ventures are accounted for using the equity method (see Note 2.2.4 below), after initially being recognised at cost in the consolidated balance sheet.

2.2.4 Equity accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Principles of consolidation and equity accounting (Continued)

2.2.4 Equity accounting (Continued)

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.10.

2.2.5 Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2.3 Business combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Business combination (Continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

2.4 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors who make strategic decisions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in RMB Yuan, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance costs". All other foreign exchange gains and losses are presented in the statement of profit or loss within "other gains – net".

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate at the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

–	Office Buildings	20-30 years
–	Hotel Buildings	20-30 years
–	Furniture, fixtures and equipment	3-5 years
–	Transportation equipment	4-15 years
–	Machinery	5-10 years

Buildings comprise mainly office buildings and hotel buildings.

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.10).

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are recognised within "other gains – net" in the income statement.

Assets under construction mainly represent hotel buildings under construction and are stated at historical cost less accumulated impairment losses, if any. Historical cost includes direct costs of construction, amortisation of land being developed and finance costs arising from borrowings used to finance these assets during the period of construction. No provision for depreciation is made on assets under construction. When the construction activities necessary to prepare the assets for their intended use are completed, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated in the preceding paragraphs.

2.8 Investment properties

Investment properties, principally freehold office buildings, are held for long-term rental yields and are not occupied by the Group. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. Subsequently, they are carried at fair value. Changes in fair values are recorded in the income statement as part of a valuation gain or loss in "other gains – net".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Intangible assets

(a) Goodwill

Goodwill is measured as described in Note 2.10. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (Note 5).

(b) Construction licence

Construction licence acquired in a business combination is recognised at fair value at the acquisition date. The directors of the Group are of the view that the Group has both intention and ability to renew the construction licence continuously and the useful life of the construction licence is considered as indefinite. Construction licence is tested annually for impairment and carried at cost less accumulated impairment losses.

(c) Customer contracts

Customer contracts acquired in a business combination are recognised at fair value at the acquisition date. Customer contracts have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the execution of the customer contracts.

(d) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of five years.

(e) Football players

The Group operates a football club. The costs associated with the acquisition of players' registrations are capitalised as intangible assets at the fair value of the consideration payable, including an estimate of the fair value of any contingent consideration. Costs associated with the acquisition of players' registrations include transfer fees, agents' fees and other directly attributable costs. These costs are amortised over the period covered by the player's contract or best estimated based on the player's physical conditions. To the extent that a player's contract is extended, the remaining book value is amortised over the remaining revised contract life.

2.10 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life – for example, goodwill or construction license – are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Investments and other financial assets

2.11.1 Classification

The Group classifies its financial assets into loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. The Group's loans and receivables comprise of trade and other receivables, time deposits, cash and cash equivalents and restricted cash in the balance sheet.

(b) *Available-for-sale financial assets*

Investments are designated as available-for-sale financial assets if they do not have fixed maturities and fixed or determinable payments, and management intends to hold them for the medium to long-term. Financial assets that are not classified into any of the other categories (at FVPL, loans and receivables) are also included in the available-for-sale category.

The financial assets are presented as non-current assets unless they mature, or management intends to dispose of them within 12 months of the end of the reporting period.

2.11.2 Reclassification

The Group may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Investments and other financial assets (Continued)

2.11.3 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to income statement as gains and losses from investment securities.

2.11.4 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets are subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognised as follows:

- for available-for-sale financial assets that are monetary securities denominated in a foreign currency – translation differences related to changes in the amortised cost of the security are recognised in the income statement and other changes in the carrying amount are recognised in other comprehensive income;

- for other monetary and non-monetary securities classified as available-for-sale in other comprehensive income.

Dividends on available-for-sale equity instruments are recognised in profit or loss as part of revenue from continuing operations when the Group's right to receive payments is established.

Interest on available-for-sale securities and loans and receivables calculated using the effective interest method is recognised in the income statement as part of revenue from continuing operations.

2.12 Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Perpetual capital instruments issued by the Group, which includes no contractual obligation for the Group to deliver cash or another financial asset to the holders or to exchange financial assets or financial liabilities with the holders under conditions that are potentially unfavorable to the Group, are classified as equity instruments and are initially recorded at the proceeds received. Discretionary interest declared by the Group to the holders of perpetual capital instrument is treated as dividend.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet where the Group has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2.14 Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

(a) Assets carried at amortised cost

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

Impairment testing of trade receivables is described in Note 18.

(b) Assets classified as available-for-sale

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in the income statement are not reversed through profit or loss in a subsequent period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Land use rights

All lands in the PRC are state-owned and no individual ownership right exists. The Group acquire the rights to use certain lands and the premiums paid for such rights are recorded as land use rights.

Land use rights which are held for self-use are stated at cost and amortised over the use terms of 40 to 70 years using straight-line method. Land use rights which are held for development for sale are inventories and measured at the lower of cost and net realisable value. Land use rights are transferred to properties under development upon commencement of development.

2.16 Properties under development

Properties under development are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to the sale proceeds of properties in the ordinary course of business, less applicable variable selling expenses and the anticipated costs to completion, or by management estimates based on prevailing marketing conditions.

Development cost of property comprises costs of lands and land use rights, construction costs, capitalised finance costs and professional fees incurred during the development period. Upon completion, the properties are transferred to completed properties held for sale.

If a property under development becomes owner-occupied, it is reclassified as property, plant and equipment. A property under development for future use as investment property is classified as investment property under construction when there is evidence of commencement of an operating lease to another party.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

2.17 Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost comprises development costs attributable to the unsold properties. Net realisable value is determined by reference to management estimates based on prevailing market conditions less estimated costs to be incurred in selling the property.

2.18 Inventories

Inventories principally comprise construction materials, which are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 Construction contracts

A construction contract is a contract specifically negotiated for the construction of an asset.

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion. Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

The Group uses the "percentage of completion method" to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion.

On the balance sheet, the Group reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where costs incurred plus recognised profits (less recognised losses) exceed progress billings; a contract represents a liability where the opposite is the case.

2.20 Trade and other receivables

Trade receivables are amounts due from customers in respect of sale of properties, provision of construction, hotel and property management services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2.21 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank deposits which are restricted to use are included in "restricted cash". Restricted cash are excluded from cash and cash equivalents in the consolidated statement of cash flows.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Share capital

Ordinary shares and non-redeemable participating preference shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.23 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payable are presented as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.24 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.25 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.25 Borrowing costs (Continued)

When the construction of the qualifying assets takes more than one accounting period, the amount of foreign exchange differences eligible for capitalisation is determined on a cumulative basis based on the cumulative amounts of interest expenses that would have been incurred had the entity borrowed in its functional currency. The total amount of foreign exchange differences capitalised cannot exceed the amount of total net foreign exchange differences incurred on a cumulative basis at the end of the reporting period.

2.26 Current and deferred income tax

The tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the reporting period in the countries where the Company and its subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment properties that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred income tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.26 Current and deferred income tax (Continued)

(b) Deferred income tax (Continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.27 Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Bonus entitlements

The expected cost of bonus payments is recognised as a liability when the Group has a present constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(c) Retirement benefits

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.27 Employee benefits (Continued)

(c) Retirement benefits (Continued)

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government.

The Group also participates in a retirement benefit scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme") for all eligible employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of the lower of 5% of eligible employees' relevant aggregate income and HK$1,500. The assets of the MPF Scheme are held separately from those of the Group in independently administered funds.

The Group's contributions to the defined contribution retirement schemes are expensed as incurred.

(d) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

2.28 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.29 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sale of properties

Revenue from sale of properties is recognised when the risks and rewards of properties are transferred to the purchasers, which is when the construction of the properties has been completed and the properties have been ready for delivery to the purchasers pursuant to the sale agreements, and collectability of related receivables is reasonably assured. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the balance sheets as "deposits received on sale of properties" under current liabilities.

(b) Construction services

Revenue arising from construction services is recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(c) Rental income

Rental income is recognised in the income statement on a straight-line basis over the term of the lease.

(d) Hotel operations

Hotel revenue from room rentals, food and beverage sales and other ancillary services are recognised when the services are rendered.

(e) Property management

Revenue arising from property management is recognised in the accounting period in which the services are rendered.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.30 Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

2.31 Dividend income

Dividends are recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

2.32 Leases

(a) The Group is the lessee

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (Note 38). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(b) The Group is the lessor

When assets are leased out under an operating lease, the assets are included in the balance sheet based on the nature of the assets. Lease income is recognised in the income statement on a straight-line basis over the term of the lease.

2.33 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.34 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

The Group principally operates in the PRC and Malaysia, and is exposed to foreign exchange risk arising from foreign currency transaction, primarily with respect to the HK dollars ("HKD") and US dollars ("USD"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. The risk is measured through a forecast of highly probable HKD and USD expenditures.

The Group has not hedged its foreign exchange rate risk exposure. However, management of the Group monitors foreign exchange risk exposure and will consider hedging significant foreign exchange risk exposure should the need arise.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

The table below summarises the impact of changes in foreign exchange rates at 31 December 2017 with all other variables held constant on the Group's post-tax profit for the year.

	RMB against the foreign currency	
	weaken by 5%	**strengthen by 5%**
	increase/(decrease) in post-tax profit for the year	
Denominated in HKD		
Cash and cash equivalents	**12,024**	**(12,024)**
Restricted cash	**16,946**	**(16,946)**
Trade and other receivables	**5,316**	**(5,316)**
Accruals and other payables	**(39,210)**	**39,210**
Denominated in USD		
Cash and cash equivalents	**118,511**	**(118,511)**
Restricted cash	**16,946**	**(16,946)**
Borrowings	**(1,067,799)**	**1,067,799**

	Malaysian Ringgit ("MYR") against the foreign currency	
	weaken by 5%	**strengthen by 5%**
	increase/(decrease) in post-tax profit for the year	
Denominated in USD		
Accruals and other payables	**(210,461)**	**210,461**
Borrowings	**(13,063)**	**13,063**
Denominated in RMB		
Accruals and other payables	**(67,243)**	**67,243**
Denominated in HKD		
Accruals and other payables	**(18,846)**	**18,846**

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

The table below summarises the impact of changes in foreign exchange rates at 31 December 2016 with all other variables held constant on the Group's post-tax profit for the year.

	RMB against the foreign currency	
	weaken by 5%	**strengthen by 5%**
	increase/(decrease) in post-tax profit for the year	
Denominated in HKD		
Cash and cash equivalents	6,151	(6,151)
Trade and other receivables	5,278	(5,278)
Accruals and other payables	(27,351)	27,351
Denominated in USD		
Cash and cash equivalents	469,429	(469,429)
Restricted cash	29,526	(29,526)
Borrowings	(857,149)	857,149

	MYR against the foreign currency	
	weaken by 5%	**strengthen by 5%**
	increase/(decrease) in post-tax profit for the year	
Denominated in USD		
Accruals and other payables	(154,549)	154,549
Denominated in RMB		
Accruals and other payables	(44,029)	44,029
Denominated in HKD		
Accruals and other payables	(16,830)	16,830

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet as available-for-sale financial assets, which are not publicly traded. Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as available-for-sale. The Group closely monitors the fluctuation of the price and assesses the impact on the Group's financial statements.

(iii) Interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During 2017 and 2016, the Group's borrowings at variable rate were mainly denominated in RMB, USD and Australian Dollar ("AUD").

The Group closely monitors trend of interest rate and its impact on the Group's interest rate risk exposure. The Group currently has not used any interest rate swap arrangements but will consider hedging interest rate risk should the need arises.

The table below summarises the impact of changes in interest rate at 31 December 2017 with all other variables held at constant on the Group's post-tax profit for the year.

	Interest rate	
	25 basis points higher	**25 basis points lower**
	increase/(decrease) in post-tax profit for the year	
Long-term borrowings at variable rates	**(85,783)**	**85,783**

The table below summarises the impact of changes in interest rate at 31 December 2016 with all other variables held at constant on the Group's post-tax profit for the year.

	Interest rate	
	25 basis points higher	25 basis points lower
	increase/(decrease) in post-tax profit for the year	
Long-term borrowings at variable rates	(62,748)	62,748

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk

The extent of the Group's maximum exposure to credit risk in relation to financial assets is the aggregate carrying value of cash deposits in banks and trade and other receivables. To manage the exposure, the Group has policies in place to ensure that sales are made to customers with appropriate credit history and deposits are placed with high-credit-quality banks.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties. Management does not expect any losses from non-performance by the banks and financial institutions, as they are of good credit standing. The Group closely monitors repayment progress of customers in accordance with the terms as specified in the enforceable contracts. Meanwhile, the Group has the right to cancel the contracts once repayment from the customers is in default. As at 31 December 2017 and 2016, no customer accounted for more than 5% of the Group's trade receivables.

(c) Liquidity risk

Management of the Group aims to maintain sufficient cash and cash equivalents including proceeds from pre-sale of properties, short-term and long-term borrowings, available funding through adequate amount of credit lines for which the Group has obtained non-binding letters of intent or strategic cooperation letters from certain domestic banks, to meet its construction and investment commitments.

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include controlling investments in land banks, adjusting project development timetable to adapt to changing local real estate market environment, implementing cost control measures, accelerating sales of properties with more flexible pricing, seeking joint venture partners to co-develop quality projects, and disposing of certain investment properties with acceptable prices to the Group. The Group will, based on its assessment of the relevant costs and benefits, pursue such options as are appropriate.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At 31 December 2017					
Borrowings (excluding finance lease liabilities (Note (1))	**35,012,417**	**29,511,051**	**75,624,872**	**27,102,881**	**167,251,221**
Finance lease liabilities	**97,900**	**93,688**	**46,760**	**–**	**238,348**
Financial liabilities as included in accruals and other payables (excluding accruals for staff costs and allowance and other taxes payable)	**19,841,304**	**–**	**–**	**–**	**19,841,304**
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	**52,779,589**	**–**	**–**	**–**	**52,779,589**
Guarantees in respect of borrowings of joint ventures and associates	**808,800**	**1,266,264**	**1,530,573**	**1,497,305**	**5,102,942**
At 31 December 2016					
Borrowings (excluding finance lease liabilities (Note (1))	39,530,372	21,535,523	49,794,689	27,174,137	138,034,721
Finance lease liabilities	114,391	97,623	138,538	–	350,552
Financial liabilities as included in accruals and other payables (excluding accruals for staff costs and allowance and other taxes payable)	18,231,502	–	–	–	18,231,502
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	33,406,812	–	–	–	33,406,812
Guarantees in respect of borrowings of joint ventures and associates	870,485	1,464,407	2,316,888	862,576	5,514,356

Note:

(1) Interest on borrowings is calculated on borrowings held as at 31 December 2017 and 2016 respectively. Floating-rate interest is estimated using the current interest rate as at 31 December 2017 and 2016 respectively.

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern so that they can continue to provide returns for equity holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group will consider the macro economic conditions, prevailing borrowing rate in the market and adequacy of cash flows generated from operations and may raise funding through capital market or bank borrowings as necessary.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less cash and cash equivalents and restricted cash.

The gearing ratios at 31 December 2017 and 2016 were as follows:

	2017	2016
Total borrowings	**142,243,833**	120,852,084
Less: cash and cash equivalents	**(19,697,169)**	(25,306,015)
restricted cash	**(12,517,580)**	(20,663,067)
Net debt	**110,029,084**	74,883,002
Total equity	**64,893,654**	46,836,197
Gearing ratio	**169.6%**	159.9%

3.3 Fair value estimation

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level as follow:

- Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

- Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2017 and 2016 by level of the inputs to valuation techniques used to measure fair value.

See Note 9 for disclosures of the investment properties that are measured at fair value.

	Available-for-sale financial assets	
	2017	2016
Level 3	**527,650**	710,130

(a) Financial instruments in level 3

The fair value of the Group's major available-for-sale financial assets was revalued on 31 December 2017 by an independent and professionally qualified valuer. The valuation is performed based on the market approach by reference to quoted market prices for similar instruments, maximising the use of observable market data where it is available and relying as little as possible on entity specific estimates. The available-for-sale financial assets were included in level 3 as the valuation involves the use of certain factors (unobservable inputs) to adjust the data derived from increasingly volatile markets to arrive at the estimated fair value for these unquoted equity investments. The fair value gain on the equity investments was included in "other comprehensive income".

A sensitivity analysis of the Group's major available-for-sale financial assets is disclosed in Note 4.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Estimation of goodwill impairment

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of cash-generating units (CGU) is determined based on value-in-use calculations which require the use of assumptions.

Key assumptions used in the value-in-use calculations are disclosed in Note 10.

A sensitivity analysis on key assumptions used in the calculation has been carried out. If the gross margin or growth rate had been lower than management estimates by 10% or discount rate had been higher than management estimates by 10% with other variables held constant, the Group would not have suffered any impairment of goodwill as at 31 December 2017.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(b) Estimated impairment of the construction license

Useful life of the construction license is indefinite and therefore, the carrying amount is subject to test annually for impairment, in accordance with the accounting policy stated in Note 2.9. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

Key assumptions used in the value-in-use calculations are disclosed in Note 10.

A sensitivity analysis on key assumptions used in the calculation has been carried out. If the royalty rate or growth rate had been lower than management estimates by 10% or the discount rate had been higher than management estimates by 10% with other variables held constant, the Group would not have suffered any impairment of the construction license as at 31 December 2017.

(c) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and income tax expenses or other comprehensive income in the periods in which such estimate is changed.

(d) Land appreciation taxes

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including sales charges, borrowing costs and all property development expenditures.

The Group is subject to land appreciation taxes in the PRC which has been included in the income tax expenses of the Group. However, the implementation of these taxes varies amongst various cities in the PRC and the Group has not finalised its land appreciation tax returns for certain years with various tax authorities. Accordingly, significant judgement is required in determining the amount of land appreciation and its related taxes. The ultimate tax determination is uncertain during the ordinary course of business. The Group recognised these liabilities based on management's best estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax expenses and provisions for land appreciation taxes in the period in which such determination is made.

(e) Fair value of investment properties

The fair value of investment properties is determined by using valuation technique. Details of the judgment and assumptions have been disclosed in Note 9.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(f) Fair value of available-for-sale financial assets

The fair value of the Group's major available-for-sale financial assets that are not quoted in active markets is determined by using valuation techniques. Changes in assumptions used in the valuation could affect reported fair value of available-for-sale financial assets.

If the market price had been lower than management estimates by 5% with other variables held constant, the carrying amount of available-for-sale financial assets would have been lowered by RMB23,800,000.

(g) Provisions for impairment of properties under development, completed properties held for sale and long-term assets held for hotel operations

Provision is made when events or changes in circumstances indicate that the carrying amounts may not be recoverable. For the purpose of assessing provision for impairment, properties under development, completed properties held for sale and long-term assets held for hotel operations are grouped at the lowest levels for which there are separately identifiable cash flows. The recoverability of carrying amounts of land use rights for property development, properties under development and completed properties held for sale is assessed according to their recoverable amounts, taking into account for costs to completion based on past experience and net sales values based on prevailing market conditions. The recoverable amounts of long-term assets held for hotel operations have been determined based on value-in-use calculations, taking into account latest market information and past experience. The assessment requires the use of judgement and estimates.

As at 31 December 2017, no impairment was provided for properties under development, completed properties held for sale or long-term assets held for hotel operations (2016: Nil).

(h) Fair value of the 70 Assets as at the Acquisition Dates

The 70 Assets acquired in the Acquisition Completed in 2017, which was regarded as "business combination", were initially measured at their fair value at the Acquisition Dates. The fair value of the 70 Assets at the Acquisition Dates was determined by reference to valuations conducted by an independent and professionally qualified valuer using valuation technique. The valuation included certain key assumptions that involved significant management estimates, including room rates, occupancy rates, gross operating profit margins, discount rates, capitalisation rates, market rents and market price of the lands. Favourable or unfavourable changes to these assumptions may result in changes in the fair value of the 70 Assets, which will lead to the changes in gain on bargain purchase recognised (Note 6(a)).

(All amounts in RMB Yuan thousands unless otherwise stated)

5. SEGMENT INFORMATION

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

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

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

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

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

(All amounts in RMB Yuan thousands unless otherwise stated)

5. SEGMENT INFORMATION (Continued)

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

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

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

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

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

(All amounts in RMB Yuan thousands unless otherwise stated)

5. SEGMENT INFORMATION (Continued)

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

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

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

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

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

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

Entity-wide information

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

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

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

(All amounts in RMB Yuan thousands unless otherwise stated)

5. SEGMENT INFORMATION (Continued)

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

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

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

6. BUSINESS COMBINATION

Summary of gains on bargain purchase

	2017	2016
Acquisition from Dalian Wanda (Note (a))	**13,083,110**	–
Acquisition of Changtai Jinhongbang Property Development Co., Ltd. ("Changtai Jinhongbang") (Note (b))	**744**	–
Acquisition of Jinda Investment Limited ("Jinda") (Note (c))	**23,706**	–
	13,107,560	–

(a) Summary of acquisition from Dalian Wanda

Pursuant to a sales and purchase agreement dated 19 July 2017 and supplemental agreements dated 20 October 2017 and 23 November 2017 entered into between the Company and Dalian Wanda (the "S&P Agreements"), the Company agreed to acquire, and Dalian Wanda agreed to dispose of entire interests in 73 hotels and an investment property namely Dalian Wanda Commercial Center in the PRC (collectively the "Assets") at a total consideration of RMB18,955,280,000 (the "Acquisition").

The Acquisition is expected to enhance the Group's long-term assets and existing portfolio of assets in the PRC.

During the year ended 31 December 2017, the Company completed acquisition of entire equity interests (the "Transferred Holding Companies"), which held the 70 Assets, from Dalian Wanda on 31 October 2017 and 23 November 2017, respectively (the "Acquisition Completed in 2017"). For the period from 1 January 2018 to the approval date of these financial statements, the Company completed acquisition of one additional holding company which held Kunming Wanda Vista Hotel. The Directors expect the acquisition of the remaining three hotels will be completed before the end of 2019.

(All amounts in RMB Yuan thousands unless otherwise stated)

6. BUSINESS COMBINATION (Continued)

(a) Summary of acquisition from Dalian Wanda (Continued)

The consideration for the Acquisition Completed in 2017 was RMB17,676,550,000.

Purchase consideration	
– Cash paid	17,676,550

The assets and liabilities recognised as a result of the Acquisition Completed in 2017 are as follows:

Cash and cash equivalents	584,769
Trade and other receivables and prepayments	592,601
Inventories	33,321
Investment properties	1,433,000
Property, plant and equipment	22,297,781
Land use rights	7,100,800
Intangible assets	74,813
Net deferred income tax assets	9,930
Accruals and other payables	(1,367,355)
Identifiable net assets acquired	30,759,660
Gain on bargain purchase	(13,083,110)

The recognition of gain on bargain purchase was due to the fact that consideration for the Acquisition Completed in 2017 was lower than fair value of net identifiable assets acquired. The consideration is determined after arm's length negotiations between the parties with reference to the net asset value of the 70 Assets (estimated by Dalian Wanda).

(i) Acquired receivables

The fair value of trade and other receivables was RMB592,601,000 and included trade receivables with a fair value of RMB149,666,000. The gross contractual amount for trade receivables due was RMB149,666,000, all of which was expected to be collectible.

(ii) Revenue and profit contribution

The acquired business contributed revenues of RMB852,086,000 and net loss of RMB38,188,000 to the Group for the period from the respective acquisition dates to 31 December 2017.

(All amounts in RMB Yuan thousands unless otherwise stated)

6. BUSINESS COMBINATION (Continued)

(b) Summary of acquisition of Changtai Jinhongbang

On 27 July 2017, the Group completed an acquisition of 100% equity interests in S&T Group Holdings Limited and Escrow Limited, which hold 100% equity interest of the Changtai Jinhongbang from third party companies at a consideration of RMB130,738,000. The acquisition is expected to enable the Group to take advantage of the evolving market trend in Fujian Province.

Details of the purchase consideration, the net assets acquired are as follows:

Purchase consideration	
– Cash paid	130,738

The assets and liabilities recognised as a result of the acquisition are as follows:

Cash and cash equivalents	2,195
Other receivables and prepayments	30,709
Properties under development	636,332
Property, plant and equipment	185
Investment in an associate	1,762
Accruals and other payables	(437,595)
Deposits received on sale of properties	(64,118)
Net deferred tax liabilities	(37,988)
Identifiable net assets acquired	131,482
Gain on bargain purchase	(744)

(i) Acquired receivables

The fair value of other receivables is RMB993,000.

(ii) Revenue and profit contribution

The acquired business contributed no revenue and net loss of RMB2,551,000 to the Group for the period from the acquisition date to 31 December 2017.

If the acquisition had occurred on 1 January 2017, the Group's consolidated pro-forma revenue and profit for the year ended 31 December 2017 would have been RMB59,278,947,000 and RMB21,423,679,000 respectively. These amounts have been calculated using the S&T Group and Escrow's results and adjusting them for:

- differences in the accounting policies between the Group and the subsidiaries, and
- the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment had applied from 1 January 2017, together with the consequential tax effects.

(All amounts in RMB Yuan thousands unless otherwise stated)

6. BUSINESS COMBINATION (Continued)

(c) Summary of acquisition of Jinda

On 5 July 2017, the Group completed an acquisition of 100% equity interests in Jinda from a third party company at a consideration of RMB491,688. The acquisition is expected to enable the Group to take advantage of the evolving market trend in Liaoning Province.

Details of the purchase consideration, the net assets acquired are as follows:

Purchase consideration	
– Cash paid	492

The assets and liabilities recognised as a result of the acquisition are as follows:

Cash and cash equivalents	185,033
Other receivables	3,098
Properties under development	396,976
Completed properties held for sale	359,824
Property, plant and equipment	397
Net deferred income tax assets	15,740
Accruals and other payables	(838,746)
Deposits received on sale of properties	(98,124)
Identifiable net assets acquired	24,198
Gain on bargain purchase	(23,706)

(i) Acquired receivables

The fair value of other receivables is RMB3,098,000.

(ii) Revenue and profit contribution

The acquired business contributed revenues of RMB77,218,000 and net profit of RM534,000 to the Group for the period from the acquisition date to 31 December 2017.

If the acquisition had occurred on 1 January 2017, the Group's consolidated pro-forma revenue and profit for the year ended 31 December 2017 would have been RMB59,348,735,000 and RMB21,436,218,000 respectively. These amounts have been calculated using the Jinda's results and adjusting them for:

- differences in the accounting policies between the Group and the subsidiaries, and
- the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment had applied from 1 January 2017, together with the consequential tax effects.

(All amounts in RMB Yuan thousands unless otherwise stated)

6. BUSINESS COMBINATION (Continued)

(d) Summary of acquisition of Guangdong Tianhong Property

On 5 January 2017, the Group completed an acquisition of 75% equity interests in Guangdong Tianhong Property from a third party company at a consideration of RMB444,285,000. The acquisition is expected to enable the Group to penetrate in property market in Foshan City, Guangdong Province.

Details of the purchase consideration, the net assets acquired are as follows:

Purchase consideration	
– Cash paid	444,285

The assets and liabilities recognised as a result of the acquisition are as follows:

Cash and cash equivalents	4,723
Other receivables and prepayments	1,372
Properties under development	1,842,521
Investment properties	335,340
Property, plant and equipment	818
Accruals and other payables	(420,532)
Deposits received on sales of properties	(56,842)
Long-term borrowings	(1,096,000)
Net deferred tax liabilities	(19,020)
Net identifiable assets acquired	592,380
Less: non-controlling interest	(148,095)
Net assets acquired	444,285

(i) Acquired receivables

The fair value of other receivables is RMB412,000.

(ii) Non-controlling interest

The Group has chosen to recognise the non-controlling interest at the proportion of net assets acquired shared by the non-controlling interest, which is 25%.

(All amounts in RMB Yuan thousands unless otherwise stated)

6. BUSINESS COMBINATION (Continued)

(d) Summary of acquisition of Guangdong Tianhong Property (Continued)

(iii) Revenue and profit contribution

The acquired business contributed revenues of RMB527,035,000 and net profit of RMB271,614,135 to the Group for the period from the acquistion date to 31 December 2017.

If the acquisition had occurred on 1 January 2017, consolidated pro-forma revenue and profit for the year ended 31 December 2017 would have been RMB59,277,855,000 and RMB 21,424,255,000 respectively. These amounts have been calculated using the Guangdong Tianhong Property's results and adjusting them for:

- differences in the accounting policies between the Group and the subsidiaries, and
- the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and land use rights had applied from 1 January 2017, together with the consequential tax effects.

(e) Purchase consideration – cash outflow

	2017
Outflow of cash to acquire the business as disclosed in Note (a), (b), (c), and (d) above, net of cash acquired	
Cash consideration:	
– paid for acquisition	**18,252,065**
– paid as deposits for the Acquisition	**481,390**
Less: Cash acquired	**(776,720)**
	17,956,735

(All amounts in RMB Yuan thousands unless otherwise stated)

7. LAND USE RIGHTS

The Group's interests in land use rights represent prepaid operating lease payments and their net book values are analysed as follows:

	2017	2016
At 1 January	**1,933,706**	1,264,041
Additions	**298,083**	418,529
Acquisitions of subsidiaries	**7,100,800**	40,211
Transfer from properties under development	**65,553**	270,896
Amortisation of prepaid operating lease payments	**(149,867)**	(59,971)
Disposals	**(75,111)**	–
At 31 December	**9,173,164**	1,933,706

Land use rights are amortised in the following categories:

	2017	2016
Selling and administrative expenses	**5,680**	6,471
Cost of sales	**56,482**	28,503
Capitalised in property, plant and equipment	**87,705**	24,997
	149,867	59,971

Borrowings are secured on land use rights for the carrying amount of RMB757,672,000 (2016: RMB697,664,000).

(All amounts in RMB Yuan thousands unless otherwise stated)

8. PROPERTY, PLANT AND EQUIPMENT

				Transportation equipment				
	Office buildings	Hotel buildings	Furniture, fixtures and equipment	Asset acquired under finance lease	Others	Machinery	Assets under construction	Total
At 1 January 2016								
Cost	2,049,429	5,551,862	750,028	395,325	368,122	422,131	1,566,509	11,103,406
Accumulated depreciation	(279,933)	(718,122)	(462,219)	(92,191)	(268,753)	(272,324)	–	(2,093,542)
Net book amount	1,769,496	4,833,740	287,809	303,134	99,369	149,807	1,566,509	9,009,864
Year ended 31 December 2016								
Opening net book amount	1,769,496	4,833,740	287,809	303,134	99,369	149,807	1,566,509	9,009,864
Additions	11,173	–	86,112	455,291	27,185	16,844	753,599	1,350,204
Acquisitions of subsidiaries	70,491	779,977	20,682	–	66	19	–	871,235
Transfers from properties under development	77,027	–	–	–	–	–	153,489	230,516
Assets under construction transferred to buildings	–	503,680	–	–	–	–	(503,680)	–
Disposals	(34,873)	–	(181)	–	(48)	(328)	–	(35,430)
Depreciation	(69,683)	(218,177)	(104,621)	(34,958)	(40,985)	(30,066)	–	(498,490)
Exchange differences	–	–	94	–	175	–	10	279
Closing net book amount	1,823,631	5,899,220	289,895	723,467	85,762	136,276	1,969,927	10,928,178
At 31 December 2016								
Cost	2,177,036	6,972,173	905,665	850,616	389,638	432,388	1,969,927	13,697,443
Accumulated depreciation	(353,405)	(1,072,953)	(615,770)	(127,149)	(303,876)	(296,112)	–	(2,769,265)
Net book amount	1,823,631	5,899,220	289,895	723,467	85,762	136,276	1,969,927	10,928,178
Year ended 31 December 2017								
Opening net book amount	1,823,631	5,899,220	289,895	723,467	85,762	136,276	1,969,927	10,928,178
Additions	12,607	–	124,908	104,695	48,704	38,481	1,285,724	1,615,119
Acquisitions of subsidiaries	6,897	22,017,065	195,090	–	42,209	45,362	1,464	22,308,087
Transfers from properties under development	–	–	–	–	–	–	80,550	80,550
Assets under construction transferred to buildings	278,022	713,654	–	–	–	–	(991,676)	–
Disposals	(570)	–	(1,739)	–	(363)	(674)	–	(3,346)
Depreciation	(76,333)	(352,450)	(136,295)	(59,715)	(39,761)	(29,907)	–	(694,461)
Exchange differences	–	–	(108)	–	31	–	43	(34)
Closing net book amount	2,044,254	28,277,489	471,751	768,447	136,582	189,538	2,346,032	34,234,093
At 31 December 2017								
Cost	2,473,977	33,071,808	1,597,025	955,311	600,664	524,135	2,346,032	41,568,952
Accumulated depreciation	(429,723)	(4,794,319)	(1,125,274)	(186,864)	(464,082)	(334,597)	–	(7,334,859)
Net book amount	2,044,254	28,277,489	471,751	768,447	136,582	189,538	2,346,032	34,234,093

(All amounts in RMB Yuan thousands unless otherwise stated)

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation expense has been charged in the following categories:

	2017	2016
Selling and administrative expenses	214,192	193,407
Cost of sales	480,269	305,083
	694,461	498,490

Assets under construction mainly represent construction and other costs incurred for hotel buildings. For the year ended 31 December 2017, borrowing costs capitalised in assets under construction amounted to RMB47,459,000 (2016: RMB62,169,000). Borrowing costs were capitalised at the weighted average rate of 6.29% for the year ended 31 December 2017 (2016: 6.46%).

Borrowings are secured by office buildings, hotel buildings and assets under construction with a carrying amount of RMB5,225,278,000 (2016: RMB4,154,497,000).

As at 31 December 2017, the Group leases 1 aircraft, 11 printers and 6 automobiles under non-cancellable finance lease agreements. See Note 25(f) for details of the agreements.

9. INVESTMENT PROPERTIES

	Completed investment properties	Investment properties under construction	Total
Year ended 31 December 2016			
Opening balance at 1 January	19,251,951	–	19,251,951
Additions	1,075,918	–	1,075,918
Fair value gains	1,740,812	–	1,740,812
Closing balance at 31 December	22,068,681	–	22,068,681
Total gains for the year included in profit or loss, under "other gains – net"	1,740,812	–	1,740,812
Change in unrealised gains or losses for the year included in profit or loss for assets held at end of year	1,740,812	–	1,740,812
Year ended 31 December 2017			
Opening balance at 1 January	22,068,681	–	22,068,681
Acquisitions of subsidiaries (Note 6)	1,433,000	335,340	1,768,340
Additions	–	196,630	196,630
Transfer	531,970	(531,970)	–
Fair value gains	780,672	–	780,672
Closing balance at 31 December	24,814,323	–	24,814,323
Total gains for the year included in profit or loss, under "other gains – net"	780,672	–	780,672
Change in unrealised gains or losses for the year included in profit or loss for assets held at end of year	780,672	–	780,672

(All amounts in RMB Yuan thousands unless otherwise stated)

9. INVESTMENT PROPERTIES (Continued)

(a) Amount recognised in the consolidated income statement for investment properties:

	2017	2016
Rental income	**945,058**	917,914
Direct operating expenses arising from investment properties that generate rental income	**(133,317)**	(154,615)
Direct operating expenses that did not generate rental income	**(90,560)**	(94,347)

(b) Fair value hierarchy

An independent valuation of the Group's investment properties was performed by independent and professionally qualified valuers to determine the fair value of the investment properties as at 31 December 2017 and 2016. The revaluation gains or losses are included in "other gains – net" in the income statement.

As at 31 December 2017 and 2016, all of the Group's investment properties were within level 3 of the fair value hierarchy as the valuations were arrived at by reference to certain significant unobservable inputs. There were no transfers between levels 1, 2 and 3 during the year.

(c) Valuation processes of the Group

The Group's investment properties were valued at 31 December 2017 and 2016 by independent and professionally qualified valuers not related to the Group who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The Group's finance department includes a team that reviews the valuations performed by the independent valuers for financial reporting purposes. This team reports directly to the chief financial officer ("CFO") and the audit committee. Discussions of valuation processes and results are held between the CFO, the valuation team and valuers at least once every six months, in line with the Group's interim and annual reporting dates.

At each financial year end the finance department:

- Verifies all major inputs to the independent valuation reports;
- Assesses property valuations movements when compared to the prior year valuation reports;
- Holds discussion with the independent valuers.

Changes in level 2 and 3 fair values are analysed at each reporting date during the bi-annual valuation discussions between the CFO and the valuation team. As part of this discussion, the team presents a report that explains the reasons for the fair value movements.

(All amounts in RMB Yuan thousands unless otherwise stated)

9. INVESTMENT PROPERTIES (Continued)

(d) Valuation techniques

For completed office and retail buildings, the valuations were based on the term and reversionary method, which largely used unobservable inputs and taking into account the significant adjustment in term yield to account for the risk upon reversionary and the estimation in market price after expiry of current lease.

For carparks, the valuations were determined using the direct comparison method. Sales prices of comparable properties in close proximity were adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square metre.

(e) Information about fair value measurements using significant unobservable inputs (level 3)

Description		Fair value at 31 December 2017	Valuation techniques	Unobservable inputs	Range of unobservable inputs (probability)	Relationship of unobservable inputs to fair value
Completed investment properties	Office	9,324,666	Term and reversionary method	Term yields	6.25%-6.50%	The higher the term yields, the lower the fair value
				Reversionary yields	6.25%-6.50%	The higher the reversion yields, the lower the fair value
				Market price (RMB/square metre)	41,200-66,991	The higher the market price, the higher the fair value
	Retail	14,718,645	Term and reversionary method	Term yields	5.50%-7.00%	The higher the term yields, the lower the fair value
				Reversionary yields	5.50%-7.00%	The higher the reversion yields, the lower the fair value
				Market price (RMB/square metre)	6,000-113,757	The higher the market price, the higher the fair value
	Carpark	771,012	Direct comparison method	Market price (RMB/square metre)	3,694-11,137	The higher the market price, the higher the fair value

(All amounts in RMB Yuan thousands unless otherwise stated)

9. INVESTMENT PROPERTIES (Continued)

(e) Information about fair value measurements using significant unobservable inputs (level 3) (Continued)

Description		Fair value at 31 December 2016	Valuation techniques	Unobservable inputs	Range of unobservable inputs (probability)	Relationship of unobservable inputs to fair value
Completed investment properties	Office	7,713,830	Term and reversionary method	Term yields	6.00%-6.50%	The higher the term yields, the lower the fair value
				Reversionary yields	6.00%-6.50%	The higher the reversion yields, the lower the fair value
				Market price (RMB/square metre)	40,600-60,900	The higher the market price, the higher the fair value
	Retail	13,706,507	Term and reversionary method	Term yields	5.75%-7.00%	The higher the term yields, the lower the fair value
				Reversionary yields	5.75%-7.00%	The higher the reversion yields, the lower the fair value
				Market price (RMB/square metre)	6,000-117,027	The higher the market price, the higher the fair value
	Carpark	648,344	Direct comparison method	Market price (RMB/square metre)	3,694-11,694	The higher the market price, the higher the fair value

There are inter-relationships between unobservable inputs. Expected vacancy rates may impact the yield with higher vacancy rates resulting in higher yields. If the remaining lease term increases, the yield may decrease.

(f) Investment properties pledged as security

Borrowings are secured on investment properties for the value of RMB15,190,552,000 (2016: RMB14,094,260,000).

(All amounts in RMB Yuan thousands unless otherwise stated)

10. INTANGIBLE ASSETS

	Goodwill	Construction licence	Customer contracts	Software and others	Total
At 1 January 2016					
Cost	506,733	282,000	322,000	414,366	1,525,099
Accumulated amortisation and impairment	(2,983)	–	(322,000)	(165,267)	(490,250)
Net book amount	503,750	282,000	–	249,099	1,034,849
Year ended 31 December 2016					
Opening net book amount	503,750	282,000	–	249,099	1,034,849
Additions	–	–	–	170,930	170,930
Acquisitions of subsidiaries	–	–	–	180	180
Amortisation charge	–	–	–	(88,494)	(88,494)
Disposals	–	–	–	(37,893)	(37,893)
Closing net book amount	503,750	282,000	–	293,822	1,079,572
At 31 December 2016					
Cost	506,733	282,000	322,000	538,184	1,648,917
Accumulated amortisation and impairment	(2,983)	–	(322,000)	(244,362)	(569,345)
Net book amount	503,750	282,000	–	293,822	1,079,572
Year ended 31 December 2017					
Opening net book amount	**503,750**	**282,000**	**–**	**293,822**	**1,079,572**
Additions	**–**	**–**	**–**	**72,373**	**72,373**
Acquisitions of subsidiaries	**–**	**–**	**–**	**74,951**	**74,951**
Amortisation charge	**–**	**–**	**–**	**(76,700)**	**(76,700)**
Disposals	**–**	**–**	**–**	**(38,922)**	**(38,922)**
Closing net book amount	**503,750**	**282,000**	**–**	**325,524**	**1,111,274**
At 31 December 2017					
Cost	**506,733**	**282,000**	**322,000**	**651,384**	**1,762,117**
Accumulated amortisation and impairment	**(2,983)**	**–**	**(322,000)**	**(325,860)**	**(650,843)**
Net book amount	**503,750**	**282,000**	**–**	**325,524**	**1,111,274**

Intangible assets are amortised in the following categories:

	2017	2016
Selling and administrative expenses	**16,325**	13,944
Cost of sales	**60,375**	74,550
	76,700	88,494

(All amounts in RMB Yuan thousands unless otherwise stated)

10. INTANGIBLE ASSETS (Continued)

(a) Goodwill

Impairment test for goodwill

Goodwill is mainly allocated to the Group's cash-generating units (CGUs) identified as the construction services unit within the property development segment. The recoverable amount of the CGU as at 31 December 2017 was determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

Key assumptions used for value-in-use calculations in 2017 and 2016 are as follows:

	2017	2016
Gross margin	**12%**	12%
Growth rate for the five-year period	**3%-5%**	3%-5%
Terminal growth rate	**3%**	3%
Pre-tax discount rate	**11.32%**	11.87%

Management determined budgeted gross margin and weighted average growth rates based on past performance and its expectations of the market development. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segment.

(b) Construction licence

Impairment test for construction licence

The recoverable amount of construction licence based on value-in-use calculations as at 31 December 2017 was determined by estimating the value of royalty (that is, licence fee) from which the Group is exempted by virtue of the fact that it owns the licence. The value of royalty is determined by a royalty rate of the licence multiplied by the net revenue expected to be generated by the Company and then capitalised at a discounted rate. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated rates stated below.

Key assumptions used for value-in-use calculations in 2017 and 2016 are as follows:

	2017	2016
Royalty rate	**1%**	1%
Growth rate for the five-year period	**3%-5%**	3%-5%
Terminal growth rate	**3%**	3%
Pre-tax discount rate	**12.21%**	12.75%

Management determined royalty rate and weighted average growth rates based on past performance and industry factor. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segment.

(All amounts in RMB Yuan thousands unless otherwise stated)

11. SUBSIDIARIES

The following is a list of principal subsidiaries at 31 December 2017:

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests Direct	Attributable equity interests Indirect	Equity interests held by non-controlling interests	Principal activities and place of operations
Subsidiaries – incorporated in the PRC:							
廣州富力興盛置業發展有限公司	9 January 2004	Sino-foreign joint venture with limited liability	USD6,500,000	25%	75%	–	Development and investment of office buildings in the PRC
廣州富力恒盛置業發展有限公司	9 January 2004	Sino-foreign joint venture with limited liability	USD6,500,000	25%	75%	–	Development and investment of hotel buildings in the PRC
廣州富力鼎盛置業發展有限公司	9 January 2004	Sino-foreign joint venture with limited liability	USD6,500,000	25%	75%	–	Development and investment of hotel buildings in the PRC
廣州富力嘉盛置業發展有限公司	29 September 2005	Limited liability company	RMB400,000,000	97.5%	2.5%	–	Property development in the PRC
廣州富力創盛置業發展有限公司	4 November 2005	Limited liability company	RMB360,000,000	86.11%	13.89%	–	Property development in the PRC
廣州德和投資發展有限公司	10 January 2006	Limited liability company	RMB300,000,000	98.67%	1.33%	–	Property development in the PRC
廣州市住宅建築設計院有限公司	26 April 1995	Limited liability company	RMB5,000,000	93.84%	6.16%	–	Residential architecture design in the PRC
廣州天力建築工程有限公司	20 May 1993	Limited liability company	RMB300,000,000	90%	10%	–	Construction company in the PRC
廣東恒力建設工程有限公司	12 June 2001	Limited liability company	RMB15,000,000	–	100%	–	Construction company in the PRC
廣州富力美好置業發展有限公司	10 November 2003	Limited liability company	RMB3,010,000	80%	20%	–	Property leasing in the PRC
廣州天力物業發展有限公司	10 December 1997	Limited liability company	RMB5,000,000	90%	10%	–	Property management in the PRC
廣州富力裝飾工程有限公司	27 April 2006	Limited liability company	RMB10,000,000	90%	10%	–	Provision of interior design service in the PRC
惠州富力房地產開發有限公司	10 April 2007	Limited liability company	RMB100,000,000	95%	5%	–	Property development in the PRC
龍門富力房地產開發有限公司	6 September 2007	Limited liability company	RMB196,000,000	97.45%	2.55%	–	Property development in the PRC
博羅縣紅中實業發展有限公司	27 April 2004	Limited liability company	RMB250,000,000	95%	5%	–	Property development in the PRC
北京富力城房地產開發有限公司 ("北京富力城")	24 April 2002	Limited liability company	RMB1,394,781,578	96%	4%	–	Property development in the PRC
富力(北京)地產開發有限公司	27 June 2002	Limited liability company	RMB100,000,000	80%	20%	–	Property development in the PRC
北京東方長安房地產開發有限公司	6 December 2001	Limited liability company	RMB50,000,000	–	100%	–	Property development in the PRC

(All amounts in RMB Yuan thousands unless otherwise stated)

11. SUBSIDIARIES (Continued)

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests Direct	Attributable equity interests Indirect	Equity interests held by non-controlling interests	Principal activities and place of operations
富力(香河)房地產開發有限公司	25 November 2009	Limited liability company	RMB200,000,000	–	100%	–	Property development in the PRC
北京恒富物業服務有限公司	11 December 2002	Limited liability company	RMB5,000,000	–	100%	–	Property management in the PRC
富力南京地產開發有限公司	8 September 2010	Limited liability company	RMB500,000,000	–	100%	–	Property development in the PRC
北京富力歐美園林綠化工程有限公司	6 March 2003	Limited liability company	RMB10,000,000	–	100%	–	Gardening and virescence construction in the PRC
北京天越門窗製造有限公司	8 August 2003	Limited liability company	RMB4,000,000	–	100%	–	Manufacturing of aluminium frame and sales of construction and decoration materials in the PRC
北京極富房地產開發有限公司	31 August 2007	Limited liability company	RMB30,000,000	100%	–	–	Property development in the PRC
天津富力城房地產開發有限公司	29 November 2004	Limited liability company	RMB604,280,000	98.35%	1.65%	–	Property development in the PRC
天津耀華投資發展有限公司	27 September 2002	Limited liability company	RMB535,475,234	40.24%	59.76%	–	Property development in the PRC
太原富力城房地產開發有限公司	14 August 2007	Limited liability company	RMB350,000,000	–	100%	–	Property development in the PRC
重慶富力房地產開發有限公司	30 December 2005	Limited liability company	RMB660,000,000	32.35%	67.65%	–	Property development in the PRC
廣州富力地產(重慶)有限公司	26 January 2007	Limited liability company	RMB854,500,000	94.82%	5.18%	–	Property development in the PRC
成都富力地產開發有限公司	27 March 2007	Limited liability company	RMB600,000,000	98.33%	1.67%	–	Property development in the PRC
成都熊貓萬國商城有限公司	29 October 1997	Limited liability company	RMB80,000,000	86.64%	–	13.36%	Property development in the PRC
昆山國銀置業有限公司	9 July 2002	Limited liability company	RMB380,000,000	95%	5%	–	Property development in the PRC
海南三林旅業開發有限公司	7 March 1995	Limited liability company	RMB188,900,000	–	100%	–	Property development in the PRC
海南怡豐房地產發展(香港)公司	27 January 1994	Sino-foreign joint venture with limited liability	HKD15,000,000	85%	15%	–	Property development in the PRC
海南陵水富力灣開發有限公司 ("海南陵水")	27 November 2006	Limited liability company	RMB600,000,000	100%	–	–	Property development in the PRC
海南富力房地產開發有限公司	29 March 2007	Limited liability company	RMB560,000,000	95%	5%	–	Property development in the PRC
海南那甲旅業開發有限公司	27 November 1998	Limited liability company	RMB300,000,000	99.8%	0.2%	–	Property development in the PRC
海南協興地產發展(香港)有限公司	26 January 1994	Sino-foreign joint venture with limited liability	HKD15,000,000	85%	15%	–	Property development in the PRC
廣州富力超盛置業發展有限公司	8 December 2005	Limited liability company	RMB600,000,000	100%	–	–	Property development in the PRC

(All amounts in RMB Yuan thousands unless otherwise stated)

11. SUBSIDIARIES (Continued)

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests Direct	Attributable equity interests Indirect	Equity interests held by non-controlling interests	Principal activities and place of operations
重慶富力嘉盛房地產開發有限公司	28 January 2014	Wholly foreign-owned enterprise with limited liability	RMB794,540,000	–	100%	–	Property development in the PRC
廣州聖景房地產開發有限公司	27 August 2007	Sino-foreign joint venture with limited liability	USD80,000,000	25%	75%	–	Property development in the PRC
成都富力熊貓城項目開發有限公司	15 August 2006	Sino-foreign joint venture with limited liability	RMB30,000,000	65%	–	35%	Property development in the PRC
西安富力灣房地產開發有限公司	14 September 2010	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
海南天力建築工程有限公司	9 July 2010	Limited liability company	RMB20,000,000	–	100%	–	Construction company in the PRC
北京富源盛達房地產開發有限公司	20 January 2011	Limited liability company	RMB30,000,000	–	100%	–	Property development in the PRC
富力(哈爾濱)房地產開發有限公司	12 April 2011	Limited liability company	RMB100,000,000	45%	55%	–	Property development in the PRC
廣州富力足球俱樂部有限公司	7 July 2011	Limited liability company	RMB20,000,000	100%	–	–	Operation of a football club in the PRC
大同富力城房地產開發有限公司	17 November 2011	Limited liability company	RMB200,000,000	–	100%	–	Property development in the PRC
惠州富茂房地產開發有限公司	14 May 2010	Limited liability company	RMB500,000,000	50%	50%	–	Property development in the PRC
天津百合灣建設有限公司	30 January 2012	Limited liability company	RMB160,000,000	–	100%	–	Property development in the PRC
上海極富房地產開發有限公司	31 January 2013	Limited liability company	RMB200,000,000	–	100%	–	Property development in the PRC
無錫天潤福源房地產開發有限公司	2 March 2011	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
梅州富力房地產開發有限公司	1 July 2013	Limited liability company	RMB550,000,000	99.09%	0.91%	–	Property development in the PRC
杭州富力房地產開發有限公司	19 December 2012	Limited liability company	USD120,000,000	–	100%	–	Property development in the PRC
無錫極富房地產開發有限公司	16 December 2013	Limited liability company	USD300,000,000	–	100%	–	Property development in the PRC
福州市台江富力置業有限公司	11 September 2013	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
包頭市富力房地產開發有限公司	18 October 2013	Limited liability company	RMB200,000,000	–	100%	–	Property development in the PRC
天津富潤房地產開發有限公司	23 October 2013	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
南京富力城房地產開發有限公司	27 November 2013	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC

(All amounts in RMB Yuan thousands unless otherwise stated)

11. SUBSIDIARIES (Continued)

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests Direct	Attributable equity interests Indirect	Equity interests held by non-controlling interests	Principal activities and place of operations
文昌富力房地產開發有限公司	25 August 2011	Limited liability company	RMB370,000,000	95%	5%	–	Property development in the PRC
杭州極富房地產開發有限公司	27 February 2013	Wholly foreign-owned enterprise with limited liability	USD75,000,000	–	100%	–	Property development in the PRC
哈爾濱富力城房地產開發有限公司	15 May 2013	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
杭州品富房地產開發有限公司	4 September 2013	Wholly foreign-owned enterprise with limited liability	USD70,000,000	–	100%	–	Property development in the PRC
佛山富力房地產開發有限公司	13 November 2013	Limited liability company	RMB100,000,000	100%	–	–	Property development in the PRC
杭州聯富房地產開發有限公司	19 December 2013	Single-member limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
山西永紅盛置業有限公司	14 September 2012	Limited liability company	RMB10,000,000	–	90%	10%	Property development in the PRC
廣州耀盈房地產開發有限公司	6 February 2015	Limited liability company	RMB450,000,000	100%	–	–	Property development in the PRC
北京富力通達房地產開發有限公司 (“北京富力通達”)	20 November 2013	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
富力(瀋陽)房地產開發有限公司	15 January 2014	Sino-foreign joint venture with limited liability	USD90,000,000	–	100%	–	Property development in the PRC
瀋陽億隆房屋開發有限公司	12 December 2001	Limited liability company	RMB20,000,000	–	100%	–	Property development in the PRC
湖州富力房地產開發有限公司	23 January 2015	Single-member limited liability company	RMB250,000,000	–	100%	–	Property development in the PRC
海口富力會旅遊發展有限公司	16 May 2012	Limited liability company	RMB1,000,000	–	100%	–	Tourism project development in the PRC
惠州市金鵜温泉實業有限公司	2 March 2004	Limited liability company	RMB50,000,000	100%	–	–	Property development and operating a hotel in the PRC
北京鴻高置業發展有限公司	8 June 1999	Limited liability company	RMB300,000,000	–	100%	–	Property development and operating a hotel in the PRC
廣州永富房地產開發有限公司	19 December 2006	Limited liability company	RMB100,000,000	95%	5%	–	Property development in the PRC
天津富力濱海投資有限公司	25 December 2007	Limited liability company	RMB400,000,000	–	100%	–	Property development in the PRC

(All amounts in RMB Yuan thousands unless otherwise stated)

11. SUBSIDIARIES (Continued)

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests Direct	Attributable equity interests Indirect	Equity interests held by non-controlling interests	Principal activities and place of operations
海南明強房地產發展有限公司	26 April 1995	Limited liability company	RMB11,702,000	–	100%	–	Property development in the PRC
海南朝陽房地產發展有限公司	4 April 1995	Limited liability company	RMB111,057,000	–	100%	–	Property development in the PRC
海南紅樹林度假村有限公司	24 March 1995	Limited liability company	RMB11,650,000	–	100%	–	Property development in the PRC
海南易通生態科技有限公司	27 January 1994	Wholly foreign-owned enterprise with limited liability	HKD15,000,000	–	100%	–	Property development in the PRC
湖南隆平九華房地產開發有限公司	12 May 2008	Limited liability company	RMB100,000,000	95%	5%	–	Property development in the PRC
廣州天禧房地產開發有限公司	22 August 2013	Limited liability company	RMB 801,107,000	75%	–	25%	Property development in the PRC
珠海富力房地產開發有限公司	20 November 2013	Limited liability company	RMB592,000,000	100%	–	–	Property development in the PRC
杭州瑞富房地產開發有限公司	3 January 2014	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
石家莊富力房地產開發有限公司	26 December 2013	Limited liability company	RMB50,000,000	–	100%	–	Property development in the PRC
滁州富力城房地產開發有限公司	1 September 2015	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
杭州啟富房地產開發有限公司	28 September 2015	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
太原極富房地產開發有限公司	20 November 2015	Limited liability company	RMB10,000,000	–	100%	–	Property development in the PRC
廣州天盈園林工程有限公司	28 August 2009	Limited liability company	RMB5,000,000	–	100%	–	Gardening and virescence construction in the PRC
廣東新天鴻物業發展有限公司	21 May 2008	Limited liability company	RMB592,380,000	–	75%	25%	Property development in the PRC
鞍山恒體房地產有限公司	25 June 2009	Wholly foreign-owned enterprise with limited liability	USD81,000,000	–	100%	–	Property development in the PRC
廣州兆晞投資有限公司	5 September 2017	Wholly foreign-owned enterprise with limited liability	RMB3,980,000,000	–	100%	–	Investment holding in PRC
珠海橫琴富力企業管理諮詢有限公司	22 January 2017	Limited liability company	RMB5,000,000	100%	–	–	Management Consulting in PRC
廣州市金鼎房地產開發有限公司	31 August 1994	Limited liability company	RMB8,000,000	90%	10%	–	Property development in the PRC
長沙開福萬富酒店管理有限公司	18 September 2017	Limited liability company	RMB978,089,000	–	100%	–	Hotel Management in PRC

(All amounts in RMB Yuan thousands unless otherwise stated)

11. SUBSIDIARIES (Continued)

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests Direct	Attributable equity interests Indirect	Equity interests held by non-controlling interests	Principal activities and place of operations
Subsidiaries – incorporated in Hong Kong:							
R&F Properties (HK) Company Limited	25 August 2005	Limited liability company	HKD1,000,000	100%	–	–	Investment holding in Hong Kong
Subsidiaries – incorporated in British Virgin Islands (BVI):							
R&F Properties (BVI) Co., Ltd.	31 March 2006	Limited liability company	USD1	–	100%	–	Investment holding in BVI
Palace View Investments Limited	21 March 2006	Limited liability company	USD1	–	100%	–	Investment holding in BVI
Maxview Investments Limited	3 April 2006	Limited liability company	USD50,000	–	100%	–	Investment holding in BVI
General Light Investments Limited	5 July 2011	Limited liability company	USD1	–	100%	–	Investment holding in BVI
Value Success Investments Limited	1 September 2006	Limited liability company	USD10,000	–	100%	–	Investment holding in BVI
Big Will Investments Limited ("Big Will")	2 November 2007	Limited liability company	USD1	–	100%	–	Investment holding in BVI
Caifu Holdings Limited ("Caifu")	2 January 2013	Limited liability company	USD1	–	100%	–	Investment holding in BVI
Trillion Chance Limited ("Trillion Chance")	31 October 2013	Limited liability company	USD1	–	100%	–	Investment holding in BVI
Easy Tactic Limited ("Easy Tactic")	16 October 2013	Limited liability company	USD2	–	100%	–	Investment holding in BVI
Subsidiaries – incorporated in UK:							
R&F Properties (UK) Company Limited	24 August 2016	Limited liability company	Great Britain Pound ("GBP")1	–	100%	–	Investment holding in UK
R&F Properties QS (UK) Co., Ltd.	6 March 2017	Limited liability company	GBP1	–	100%	–	Property development in UK
R&F Properties QS (UK) Development Co., Ltd.	6 March 2017	Limited liability company	GBP1	–	100%	–	Property development in UK
R&F Properties VS (UK) Co., Ltd.	30 March 2017	Limited liability company	GBP1	–	100%	–	Property development in UK
Vauxhall Homes Limited	2 May 2013	Limited liability company	GBP1	–	100%	–	Property development in UK
Vauxhall Square (Nominee 1) Limited	8 February 2017	Limited liability company	GBP1	–	100%	–	Property development in UK

(All amounts in RMB Yuan thousands unless otherwise stated)

11. SUBSIDIARIES (Continued)

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests Direct	Attributable equity interests Indirect	Equity interests held by non-controlling interests	Principal activities and place of operations
Subsidiaries – incorporated in Korea:							
R&F Korea Co., Ltd.	21 November 2016	Limited liability company	Korea Won ("KRW") 1,000,000,000	–	100%	–	Property development in Korea
Tian Li Korea Construction Co., Ltd.	24 May 2017	Limited liability company	KRW1,200,000,000	–	100%	–	Construction company in Korea
Subsidiaries – incorporated in Malaysia:							
R&F Development SDN BHD	7 November 2013	Limited liability company	MYR500,000	–	100%	–	Property development in Malaysia
R&F Mega Realty SDN BHD	27 January 2014	Limited liability company	MYR2	–	100%	–	Property development in Malaysia
Subsidiaries – incorporated in Australia:							
R&F Property Pty Ltd	5 June 2014	Limited liability company	AUD100	–	100%	–	Property development in Australia
R&F Estate Pty Ltd	7 July 2014	Limited liability company	AUD100	–	100%	–	Property development in Australia
R&F Mega Property Pty Ltd	14 July 2014	Limited liability company	AUD100	–	100%	–	Property development in Australia
R&F Mega Realty Pty Ltd	14 July 2014	Limited liability company	AUD100	–	100%	–	Property development in Australia
R&F Mega Estate Pty Ltd	23 September 2014	Limited liability company	AUD100	–	100%	–	Property development in Australia
R&F Development Holdings Pty Ltd	30 May 2014	Limited liability company	AUD1	–	100%	–	Investment holdings in Australia
Subsidiaries – incorporated in Singapore:							
R&F Development Pte. Ltd.	16 April 2014	Limited liability company	Singapore Dollar ("SGD")1	–	100%	–	Marketing development in Singapore
Subsidiaries – incorporated in Cambodia:							
R&F Properties (Cambodia) Co., Ltd.	21 June 2017	Limited liability company	Cambodia Riel ("KHR") 400,000,000	–	100%	–	Property development in Cambodia
R&F Properties MNV (Cambodia) Co., Ltd.	6 July 2017	Limited liability company	KHR 2,000,000,000	–	100%	–	Property development in Cambodia
R&F Properties HS (Cambodia) Co., Ltd.	6 July 2017	Limited liability company	KHR 2,000,000,000	–	100%	–	Property development in Cambodia

The above table lists the principal subsidiaries of the Group which, in the opinion of the directors, principally affect the results and net assets of the Group. To give full details of subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

The accumulated non-controlling interests as at 31 December 2017 were RMB956,974,000 (2016: RMB653,718,000). The non-controlling interests in respect of each subsidiary are not individually material to the Group.

(All amounts in RMB Yuan thousands unless otherwise stated)

12. INTERESTS IN JOINT VENTURES

	2017	2016
At 1 January	**6,795,392**	5,954,631
Additions	**652,808**	–
Share of results	**(33,322)**	844,493
Elimination of unrealised profits	**(19,356)**	(3,732)
At 31 December	**7,395,522**	6,795,392

(a) As at 31 December 2017, the Group's interests in joint ventures, which are not individually material to the Group in the opinion of the directors, are accounted for using the equity method. The aggregate amount of the Group's share of both loss from continuing operations and total comprehensive income of these joint ventures for the year ended 31 December 2017 was RMB33,322,000 (2016: gains of RMB844,493,000). The joint ventures listed below have share capital comprising solely of registered capital.

Name of entity	Place of business/ incorporation	% of ownership interests held at 31 December 2017	
		Direct	Indirect
廣州市富景房地產開發有限公司(“廣州富景”)	the PRC	33.34%	–
天津津南新城房地產開發有限公司(“津南新城”)	the PRC	–	25%
天津和安投資有限公司	the PRC	–	25%
Hines Shanghai New Jiangwan Development Co., Ltd. (“Hines Shanghai”)	Cayman Islands	–	50%
上海城投悦城置業有限公司(“上海悦城”)	the PRC	–	50%
廣州市森華房地產有限公司(“森華房地產”)	the PRC	50%	–
貴州大西南房地產開發有限公司(“貴州大西南”)	the PRC	60%	–
廣州市騰順投資有限公司(“騰順投資”)	the PRC	45%	–
廣西富雅投資有限公司(“廣西富雅”)	the PRC	50%	–
Accord Wing Limited (“Accord Wing”)	BVI	–	25%
Charm Talent Limited (“Charm Talent”)	Hong Kong	–	25%
RFCZ (UK) Ltd	UK	–	50%
Etone Australia Holdings Pty Ltd (“Etone Australia”)	Australia	–	50%
南京星潤置業有限公司(“南京星潤”)	the PRC	–	25%
北京力思創新國度科技有限公司	the PRC	–	50%
長沙禧榮置業有限公司(“長沙禧榮”)	the PRC	–	33%
海南富力中軍文創體育發展有限公司	the PRC	–	62%
Instant Glory International Limited (“Instant Glory”)	Hong Kong	–	50%

(b) Pursuant to the relevant joint venture agreements, these entities are jointly controlled by the Group and other parties. None of the participating parties has unilateral control over the entities with more than one half of the voting rights.

(c) There are no contingent liabilities relating to the Group's interests in the joint ventures.

(All amounts in RMB Yuan thousands unless otherwise stated)

13. INTERESTS IN ASSOCIATES

	2017	2016
At 1 January	166,908	71,052
Addition	295,000	20,000
Acquisition of a subsidiary (Note (a))	1,762	78,793
Disposal (Note (b))	(254,082)	–
Share of results	53,925	438
Elimination of unrealised profits	(2,161)	–
Dividends received from an associate	(31,837)	(3,375)
At 31 December	229,515	166,908

(a) The Group obtained 13% equity interests in 長泰馬洋溪水務有限公司 ("馬洋溪水務") in 2017 through the acquisition of Changtai Jinhongbang (Note 6(b)), making it an associate of the Group.

(b) The Group disposed its associate,廣州利合房地產開發有限公司("廣州利合") to third party companies on 29 June 2017 at a consideration of RMB240,623,110. Losses from the disposal has been included in other gains-net in the consolidated income statement.

(c) As at 31 December 2017, the Group's interests in associates, which are not individually material to the Group in the opinion of the directors, are accounted for using the equity method. The associates listed below have share capital comprising solely of registered capital.

Name of entity	Place of business/ incorporation	% of ownership interest held at 31 December 2017	
		Direct	Indirect
北京富盛利房地產經紀有限公司	the PRC	–	30%
北京粵商投資股份有限公司	the PRC	–	22%
廣州盛安創富投資管理有限公司("盛安創富")	the PRC	20%	–
河南建業富居投資有限公司	the PRC	45%	–
北京中房同創文化傳媒股份有限公司	the PRC	–	20%
北京盛興天和投資管理有限公司	the PRC	–	50%
龍岩恒富房地產開發有限公司("龍岩恒富")	the PRC	–	30%
南通錦力置業有限公司("南通錦力")	the PRC	–	33%
馬洋溪水務	the PRC	–	13%

(d) There are no contingent liabilities relating to the Group's interest in the associates.

(All amounts in RMB Yuan thousands unless otherwise stated)

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2017	2016
At 1 January	**710,130**	645,140
Additions	**–**	157,755
Disposals	**–**	(157,755)
Fair value (losses)/gains recognised as other comprehensive income	**(182,480)**	64,990
At 31 December	**527,650**	710,130

Available-for-sale financial assets include the following:

	2017	2016
Unlisted securities:		
– Unlisted equity investments	**400,390**	583,550
– Unlisted private funds	**127,260**	126,580
	527,650	710,130

Available-for-sale financial assets as at 31 December 2017 and 2016 are denominated in RMB.

The fair values of unlisted securities are based on the market approach by reference to quoted prices of similar instruments. The fair values are within level 3 of the fair value hierarchy.

The maximum exposure to credit risk at the reporting date is the carrying amounts of available-for-sale financial assets. None of these financial assets is either past due or impaired (2016: Nil).

(All amounts in RMB Yuan thousands unless otherwise stated)

15. FINANCIAL INSTRUMENTS BY CATEGORY

	2017	2016
Loans and receivables		
Trade and other receivables excluding prepayments	28,131,809	20,017,542
Restricted cash	12,517,580	20,663,067
Cash and cash equivalents	19,697,169	25,306,015
	60,346,558	65,986,624
Available-for-sale financial assets	527,650	710,130
	60,874,208	66,696,754

	2017	2016
Financial liabilities at amortised cost		
Borrowings (excluding finance lease liabilities)	142,019,758	120,528,552
Finance lease liabilities	224,075	323,532
Trade and other payables excluding non-financial liabilities	19,841,304	18,231,502
	162,085,137	139,083,586

The Group's exposure to various risks associated with the financial instruments is discussed in Note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

(All amounts in RMB Yuan thousands unless otherwise stated)

16. PROPERTIES UNDER DEVELOPMENT

	2017	2016
Amount comprises:		
Lands and land use rights	**78,440,344**	56,149,060
Construction costs and capitalised expenditures	**24,269,594**	16,457,644
Finance costs capitalised	**8,155,785**	8,527,838
	110,865,723	81,134,542

All properties under development are expected to be completed within the normal operating cycle.

The capitalisation rate used to determine the amount of finance costs eligible for capitalisation is 5.35% for 2017 (2016: 7.07%).

As at 31 December 2017, properties under development of RMB29,119,715,000 (2016: RMB30,414,608,000) were pledged as collateral for the Group's borrowings.

17. COMPLETED PROPERTIES HELD FOR SALE

	2017	2016
Amount comprises:		
Land use rights	**8,968,081**	9,148,887
Construction costs and capitalised expenditures	**21,107,638**	15,115,117
Finance costs capitalised	**3,373,370**	2,519,014
	33,449,089	26,783,018

As at 31 December 2017, completed properties held for sale of RMB6,648,588,000 (2016: RMB319,335,000) were pledged as collateral for the Group's borrowings.

18. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2017	2016
Trade receivables – net (Note (a))	**7,921,310**	7,175,084
Other receivables – net (Note (b))	**16,006,437**	11,747,174
Prepayments (Note (d))	**5,452,544**	1,662,690
Due from joint ventures (Note 39(ix))	**3,994,073**	1,053,003
Due from associates (Note 39(ix))	**209,989**	42,281
Total	**33,584,353**	21,680,232
Less: non-current portion	**(526,289)**	(97,420)
Current portion	**33,058,064**	21,582,812

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

(All amounts in RMB Yuan thousands unless otherwise stated)

18. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

(a) Trade receivables

	2017	2016
Trade receivables – current portion		
– Due from third parties	**7,914,253**	7,209,024
– Due from a joint venture (Note 39(ix))	**2,485**	–
– Due from an associate (Note 39(ix))	**36,000**	–
	7,952,738	7,209,024

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

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

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

Trade receivables are analysed as follows:

	2017	2016
Fully performing under credit terms	**7,347,636**	6,433,315
Past due but not impaired	**573,674**	741,769
Non-performing and impaired	**31,428**	33,940
Trade receivables	**7,952,738**	7,209,024
Less: allowance for impairment	**(31,428)**	(33,940)
Trade receivables – net	**7,921,310**	7,175,084

(All amounts in RMB Yuan thousands unless otherwise stated)

18. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

(a) Trade receivables (Continued)

As at 31 December 2017, trade receivables of RMB31,428,000 (2016: RMB33,940,000) were impaired with full allowance for impairment. The individually impaired receivables mainly related to certain independent customers which are in unexpectedly difficult economic situations. The ageing of these trade receivables is as follows:

	2017	2016
1 year to 2 years	**–**	–
2 years to 3 years	**–**	1,580
Over 3 years	**31,428**	32,360
	31,428	33,940

For past due but not impaired receivables, the Group has the right to cancel the sale contracts and take over the legal title of the underlying properties for re-sale. Therefore, the directors consider that the receivables would be recovered and no allowance was made against these receivables as at 31 December 2017 (2016: Nil). The ageing analysis of these trade receivables is as follows:

	2017	2016
1 year to 2 years	**71,839**	243,802
2 years to 3 years	**77,846**	433,021
Over 3 years	**423,989**	64,946
	573,674	741,769

Movements on the allowance for impairment of trade receivables are as follows:

	2017	2016
At 1 January	**33,940**	20,178
Allowance for impairment	**3,900**	16,734
Reversal of allowance for impairment	**(6,412)**	(2,972)
At 31 December	**31,428**	33,940

(All amounts in RMB Yuan thousands unless otherwise stated)

18. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

(b) Other receivables

Other receivables mainly represented deposits for acquisitions of land use rights and subsidiaries, and other deposits and receivables for normal business activities.

Other receivables are analysed as below:

	2017	2016
Fully performing under normal business	**16,006,437**	11,747,174
Non-performing and impaired	**88,985**	72,971
Other receivables	**16,095,422**	11,820,145
Less: allowance for impairment	**(88,985)**	(72,971)
Other receivables – net	**16,006,437**	11,747,174

Movements on the allowance for impairment of other receivables are as follows:

	2017	2016
At 1 January	**72,971**	62,813
Allowance for impairment	**16,014**	10,158
At 31 December	**88,985**	72,971

(c) The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security except for certain equity interests in a target company.

(d) Prepayments are mainly for acquisitions of land use rights and purchases of construction materials.

(e) The carrying amounts of the Group's trade and other receivables, including amounts due from joint ventures and associates, are denominated in the following currencies:

	2017	2016
– RMB	**27,188,652**	19,855,047
– MYR	**605,377**	12,695
– AUD	**130,478**	44,202
– HKD	**106,320**	105,558
– GBP	**95,279**	–
– KRW	**4,990**	–
– USD	**682**	–
– SGD	**31**	40
	28,131,809	20,017,542

(All amounts in RMB Yuan thousands unless otherwise stated)

19. RESTRICTED CASH

	2017	2016
Guarantee deposits for borrowings (Note (a))	**6,289,757**	12,947,855
Guarantee deposits for construction of pre-sold properties (Note (b))	**5,019,033**	6,455,545
Guarantee deposits for salary payments for construction workers (Note (c))	**264,240**	334,149
Guarantee deposits for interest of senior notes (Note (d))	**232,168**	476,981
Guarantee deposits for construction payables (Note (e))	**137,633**	43,191
Guarantee deposits for resettlement costs (Note (f))	**75,859**	35,960
Guarantee deposits for mortgage loans provided to customers (Note (g))	**17,291**	68,265
Others (Note (h))	**481,599**	301,121
	12,517,580	20,663,067

(a) Pursuant to certain bank loan agreements, the Group is required to place certain cash deposits as securities for borrowings. Such guarantee deposits will only be released after full repayment of relevant borrowings.

(b) In accordance with the relevant documents issued by the local State-Owned Land and Resource Bureau, certain property development companies of the Group are required to place at designated bank accounts the pre-sale proceeds of properties received as the guarantee deposits for constructions of related properties. The deposits can only be used for purchases of construction materials and payments of construction fees of related property projects upon the approval of the local State-Owned Land and Resource Bureau. Such guarantee deposits will be released according to the completion stage of the related pre-sold properties.

(c) In accordance with the relevant documents issued by the local State-Owned Land and Resource Bureau, certain property development companies of the Group are required to place at a designated bank account certain cash deposits as security for salary payments for construction workers. Such guarantee deposits will only be released after completion of the construction of relevant properties.

(d) According to the relevant contracts, the Group is required to place at a designated bank account certain cash deposits as security for payment of interest of senior notes. Such guarantee deposits will only be released after redemption of senior notes.

(e) According to the relevant construction contracts, certain property development companies of the Group are required to place at designated bank accounts certain amount of the construction payables as deposits as cash collateral. Such guarantee deposits will only be released after settlement of the construction payables.

(f) In accordance with the relevant documents issued by the local State-Owned Land and Resource Bureau, certain property development companies of the Group are required to place at designated bank accounts the resettlement costs payable to the owners or residents of the existing buildings being demolished for development. The deposits can only be used for such resettlement costs according to the payment schedule.

(g) According to the relevant contracts, certain property development companies of the Group are required to place at designated bank accounts certain cash deposits as collateral for mortgage loans advanced to property purchasers. Such guarantee deposits will only be released after full repayment of the mortgage loans.

(h) Others mainly include guarantee deposits for letters of credit.

(All amounts in RMB Yuan thousands unless otherwise stated)

19. RESTRICTED CASH (Continued)

The restricted cash is denominated in the following currencies:

	2017	2016
– RMB	12,046,663	20,045,110
– USD	366,078	596,623
– MYR	104,657	21,334
– AUD	182	–
	12,517,580	20,663,067

The directors of the Group are of the view that the restricted cash listed above will be released within the normal operating cycle.

20. CASH AND CASH EQUIVALENTS

	2017	2016
Cash at bank and on hand	19,649,988	16,969,615
Short-term bank deposits	47,181	8,336,400
	19,697,169	25,306,015

	2017	2016
Denominated in:		
– RMB	16,490,271	15,379,209
– USD	2,454,560	9,483,308
– GBP	433,337	–
– HKD	230,449	123,011
– AUD	66,414	287,905
– MYR	19,012	31,745
– KRW	2,481	–
– SGD	643	835
– Macau Pataca(“MOP”)	2	2
	19,697,169	25,306,015

The conversion of RMB, MYR and KRW denominated balances into foreign currencies and the remittance of these foreign currencies denominated bank balances and cash out of the PRC, Malaysia and South Korea are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC and Malaysian governments.

The cash at bank balances are deposited with creditworthy banks with no recent history of default.

21. SHARE CAPITAL

	Number of shares (thousands)	Share capital
At 31 December 2017 and 2016		
– domestic shares	2,207,109	551,777
– H shares*	1,015,258	253,815
	3,222,367	805,592

* H shares refer to the Company's shares listed on The Main Board of Stock Exchange of Hong Kong Limited. The share premium related to H shares is shown in Note 22.

As at 31 December 2017 and 2016, the registered, issued and fully paid capital of the Company was RMB805,592,000 divided into 3,222,367,000 shares, comprising 2,207,109,000 domestic shares and 1,015,258,000 H shares.

On 23 August 2011, a Share Award Scheme (the "Scheme") was approved and adopted by the Board of Directors of the Company. The Scheme was terminated on 25 November 2013. No shares were awarded to eligible employees upon or prior to the termination of the Scheme.

As at 31 December 2016 and 2017, no H Shares were held under Share Award Scheme of the Group.

22. OTHER RESERVES

	Share premium	Available-for-sale financial assets	Statutory reserves	Translation reserves	Others	Total
Balance at 1 January 2016	3,636,625	359,665	539,144	29,779	25,735	4,590,948
Fair value gains of available-for-sale financial assets, net of tax	–	48,743	–	–	–	48,743
Currency translation differences	–	–	–	(4,792)	–	(4,792)
Gains on disposals of shares held for Share Award Scheme	–	–	–	–	44,570	44,570
Balance at 31 December 2016	3,636,625	408,408	539,144	24,987	70,305	4,679,469
Balance at 1 January 2017	**3,636,625**	**408,408**	**539,144**	**24,987**	**70,305**	**4,679,469**
Fair value losses of available-for-sale financial assets, net of tax	**–**	**(136,860)**	**–**	**–**	**–**	**(136,860)**
Currency translation differences	**–**	**–**	**–**	**21,024**	**–**	**21,024**
Changes in ownership interests in subsidiaries without change of control	**–**	**–**	**–**	**–**	**2,624**	**2,624**
Balance at 31 December 2017	**3,636,625**	**271,548**	**539,144**	**46,011**	**72,929**	**4,566,257**

(All amounts in RMB Yuan thousands unless otherwise stated)

22. OTHER RESERVES (Continued)

(a) According to the rules and regulations applicable to the Group's subsidiaries in the PRC, when distributing net profits of each year, these subsidiaries are required to transfer an amount of their net profits as reported in their statutory accounts for the statutory reserves until the accumulated balance of such reserves reaches 50% of their registered capital.

(b) Depending on the nature, the statutory reserves can be used to set off accumulated losses of the subsidiaries or distribute to the owners in form of bonus issue.

(c) Share premium arising from the issue of H shares can be utilised in increasing paid-in capital as approved by the directors.

23. PERPETUAL CAPITAL INSTRUMENTS

	2017	2016
At 1 January	**2,404,327**	7,977,869
Additions	**–**	2,400,000
Redemptions	**–**	(7,900,000)
Profit attributable to holders of perpetual capital instruments	**143,567**	273,943
Distributions to holders of perpetual capital instruments	**(143,567)**	(347,485)
At 31 December	**2,404,327**	2,404,327

The perpetual capital instruments are jointly guaranteed by the Company and a subsidiary and secured by pledges of the shares of the subsidiary. There is no maturity date and the distribution payments can be deferred at the discretion of the Group. Therefore, the perpetual capital instruments are classified as equity instruments and recorded in equity in the consolidated balance sheet.

24. ACCRUALS AND OTHER PAYABLES

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

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

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

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

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

(All amounts in RMB Yuan thousands unless otherwise stated)

25. BORROWINGS

	2017	2016
Non-current		
Long-term borrowings		
Bank borrowings (Note (a))		
– Secured	49,248,702	32,646,591
– Unsecured	4,979,450	4,203,550
	54,228,152	36,850,141
Domestic bonds (Note (b))		
– Unsecured	48,864,935	48,697,974
Medium-term notes (Note (c))		
– Unsecured	1,994,168	–
Senior notes (Note (d))		
– Secured	7,858,279	11,550,207
Other borrowings (Note (e))		
– Secured	13,214,000	12,299,000
– Unsecured	500,000	500,000
	13,714,000	12,799,000
Finance lease liabilities (Note (f))		
– Secured	224,075	323,532
Less: current portion of long-term borrowings	(13,054,198)	(23,050,688)
	113,829,411	87,170,166
Current		
Short-term borrowings		
Bank borrowings (Note (a))		
– Secured	6,098,539	8,619,900
– Unsecured	558,000	598,000
	6,656,539	9,217,900
Senior notes (Note (d))		
– Secured	5,118,685	–
Other borrowings (Note (e))		
– Secured	2,350,000	580,000
– Unsecured	1,235,000	833,330
	3,585,000	1,413,330
	15,360,224	10,631,230
Current portion of long-term borrowings	13,054,198	23,050,688
Total borrowings	142,243,833	120,852,084

(All amounts in RMB Yuan thousands unless otherwise stated)

25. BORROWINGS (Continued)

(a) Bank borrowings

Interest rates on bank borrowings are repriced regularly, which gives rise to exposure of the Group's bank borrowings to interest-rate changes. The contractual repricing dates are all within one year.

(i) Movements in bank borrowings are analysed as follows:

	2017	2016
At 1 January	**46,068,041**	38,921,195
Additions	**37,729,372**	25,446,361
Acquisition of subsidiaries	**841,847**	2,779,910
Repayments	**(23,033,758)**	(21,079,425)
Foreign exchange gains	**(720,811)**	–
At 31 December	**60,884,691**	46,068,041

(ii) The maturity of bank borrowings is as follows:

	2017	2016
Within one year	**16,363,427**	16,993,531
Between one and two years	**18,354,530**	10,893,059
Between two and five years	**10,903,229**	7,888,381
Over five years	**15,263,505**	10,293,070
Total bank borrowings	**60,884,691**	46,068,041

(iii) The carrying amounts of the Group's bank borrowings are denominated in the following currencies:

	2017	2016
– RMB	**45,243,934**	36,925,566
– USD	**12,849,477**	8,671,250
– HKD	**1,701,065**	–
– AUD	**580,325**	471,225
– GBP	**509,890**	–
	60,884,691	46,068,041

(iv) The effective interest rate of bank borrowings is 4.51% (2016: 5.52%).

(v) The carrying amounts of bank borrowings approximate their fair values.

25. BORROWINGS (Continued)

(b) Domestic bonds

(i) 2015 Bonds

The Company issued 65,000,000 units of corporate bonds at a par value of RMB6.5 billion in the PRC on 13 July 2015 (the "2015 Bonds"). The corporate bonds were listed on the Shanghai Stock Exchange on 25 August 2015. The net proceeds of the 2015 Bonds, after deducting the transaction costs, amounted to RMB6,423,000,000.

The interest rate of the 2015 Bonds is fixed at 4.95% per annum. On the third anniversary of the issue date, the Company has an option to increase the interest rate by up to 100 basic points for the remaining periods. The 2015 Bonds will mature after five years from the issue date, and are puttable for early redemption at the principal amount upon the third anniversary of the issue date.

(ii) 2016 Bonds

The Company issued 60,000,000 units of corporate bonds at a par value of RMB6.0 billion in the PRC on 11 January 2016 (the "Original 2016 Bonds").

The Company further issued 36,000,000 units of corporate bonds at a par value of RMB3.6 billion in the PRC on 22 January 2016 (the "Additional 2016 Bonds I"). The interest rates of the Original 2016 Bonds and Additional 2016 Bonds I are fixed at 3.95% per annum. On the third anniversary of the issue date, the Company has an option to adjust the interest rates for the remaining periods. The Original 2016 Bonds and Additional 2016 Bonds I will mature after five years from the respective issue dates, and are puttable for early redemption at the principal amount upon the third anniversary of the respective issue dates.

The Company further issued 19,500,000 units of corporate bonds at a par value of RMB1.95 billion in the PRC on 7 April 2016 (the "Additional 2016 Bonds II"). The interest rate of the Additional 2016 Bonds II is fixed at 3.48% per annum. On the third anniversary of the issue date, the Company has an option to adjust the interest rate for the remaining periods. The Additional 2016 Bonds II will mature after six years from the issue date, and are puttable for early redemption at the principal amount upon the third anniversary of the issue date.

The Company further issued 9,500,000 units of corporate bonds at a par value of RMB0.95 billion in the PRC on 7 April 2016 (the "Additional 2016 Bonds III and, together with the Original 2016 Bonds, the Additional 2016 Bonds I and II, the "2016 Bonds"). The interest rate of the Additional 2016 Bonds III is fixed at 3.95% per annum. On the fifth anniversary of the issue date, the Company has an option to adjust the interest rate for the remaining periods. The Additional 2016 Bonds III will mature after seven years from the issue date, and are puttable for early redemption at the principal amount upon the fifth anniversary of the issue date.

The net proceeds of all the 2016 Bonds, after deducting the transaction costs, amounted to RMB12,382,400,000. The 2016 Bonds were listed on the Shanghai Stock Exchange.

25. BORROWINGS (Continued)

(b) Domestic bonds (Continued)

(iii) 2016 Non-public Bonds

The Company issued 46,000,000 units of non-public bonds at a par value of RMB4.6 billion in the PRC on 16 May 2016 (the "Original 2016 Non-public Bonds"). The interest rate of the Original 2016 Non-public Bonds is fixed at 5.20% per annum. On the third anniversary of the issue date, the Company has an option to adjust the interest rate for the remaining periods. The Original 2016 Non-public Bonds will mature after six years from the issue date, and are puttable for early redemption at the principal amount upon the third anniversary of the issue date.

The Company further issued 104,000,000 units of non-public bonds at a par value of RMB10.4 billion in the PRC on 30 May 2016 (the "Additional 2016 Non-public Bonds I"). The interest rate of the Additional 2016 Non-public Bonds I is fixed at 5.15% per annum. On the second anniversary of the issue date, the Company has an option to adjust the interest rate for the remaining periods. The Additional 2016 Non-public Bonds I will mature after four years from the issue date, and are puttable for early redemption at the principal amount upon the second anniversary of the issue date.

The Company further issued 93,000,000 units of non-public bonds at a par value of RMB9.3 billion in the PRC on 29 June 2016 (the "Additional 2016 Non-public Bonds II"). The interest rate of the Additional 2016 Non-public Bonds II is fixed at 5.00% per annum. On the second anniversary of the issue date, the Company has an option to adjust the interest rate for the remaining periods. The Additional 2016 Non-public Bonds II will mature after four years from the issue date, and are puttable for early redemption at the principal amount upon the second anniversary of the issue date.

The Company further issued 57,000,000 units of non-public bonds at a par value of RMB5.7 billion in the PRC on 19 October 2016 (the "Additional 2016 Non-public Bonds III" and, together with the Original 2016 Non-public Bonds, the Additional 2016 Non-public Bonds I and II, the "2016 Non-public Bonds"). The interest rate of the Additional 2016 Non-public Bonds III is fixed at 4.39% per annum. On the third anniversary of the issue date, the Company has an option to adjust the interest rate for the remaining periods. The Additional 2016 Non-public Bonds III will mature after six years from the issue date, and are puttable for early redemption at the principal amount upon the third anniversary of the issue date.

The net proceeds of the 2016 Non-public Bonds, after deducting the transaction costs, amounted to RMB29,769,400,000.

(iv) Fair value and movement of domestic bonds

The fair values of the 2015 Bonds and 2016 Bonds as at 31 December 2017 amounted to RMB18,803,915,000 in total. The fair values were determined by reference to the price quotations published on the last trading day of the year ended 31 December 2017 and were within level 1 of the fair value hierarchy.

The fair values of the 2016 Non-public Bonds as at 31 December 2017 amounted to RMB30,076,525,000. The fair values were based on cash flows discounted at the borrowing rate of 4.9% and 4.75%, respectively, and were within level 2 of the fair value hierarchy.

(All amounts in RMB Yuan thousands unless otherwise stated)

25. BORROWINGS (Continued)

(b) Domestic bonds (Continued)

(iv) Fair value and movement of domestic bonds (Continued)

The movements of domestic bonds are set out below:

	2017	2016
At 1 January	**48,697,974**	6,429,519
Additions	**–**	42,151,800
Interest charged	**2,463,693**	1,637,428
Interest paid or included in other payables	**(2,296,732)**	(1,520,773)
At 31 December	**48,864,935**	48,697,974

(c) Medium-term notes

On 27 April 2017, the Company issued 10,000,000 units of medium-term notes at a par value of RMB1.0 billion in the PRC (the "2017 Medium-term Notes I"). The interest rate of the 2017 Medium-term Notes I is fixed at 5.25% per annum. The 2017 Medium-term Notes I will mature after three years from the issue date.

The net proceeds of the 2017 Medium-term Notes I, after deducting the transaction costs, amounted to RMB995,800,000.

On 3 July 2017, the Company further issued 10,000,000 units of medium-term notes at a par value of RMB1.0 billion in the PRC (the "2017 Medium-term Notes II"). The interest rate of the 2017 Medium-term Notes II is fixed at 5.50% per annum. The 2017 Medium-term Notes II will mature after three years from the issue date. The net proceeds of the 2017 Medium-term Notes II, after deducting the transaction costs, amounted to RMB997,000,000.

The fair value of the 2017 Medium-term Notes I and the 2017 Medium-term Notes II as at 31 December 2017 amounted to RMB2,028,031,000. The fair value was based on cash flows discounted at the borrowing rate of 4.75%, and was within level 2 of the fair value hierarchy.

The movements of medium-term notes are set out below:

	2017	2016
At 1 January	**–**	–
Additions	**1,992,800**	–
Interest charged	**64,163**	–
Interest paid or included in other payables	**(62,795)**	–
At 31 December	**1,994,168**	–

25. BORROWINGS (Continued)

(d) Senior notes

The senior notes are the only direct, unsubordinated, unconditional and secured obligations of the relevant issuers. Both 2013 Notes and 2014 Notes were fully redeemed during the year.

(i) 2013 Notes

On 24 January 2013, a subsidiary of the Group, Caifu issued 8.75% senior notes due 24 January 2020 in the aggregate nominal value of USD400,000,000 (equivalent to approximately RMB2,511,000,000) at par (the "Original Notes").

On 6 February 2013, Caifu further issued 8.75% senior notes due 24 January 2020 in the aggregate principal amount of USD200,000,000 (equivalent to approximately RMB1,258,000,000) with the issue price 100.5% of the principal amount, plus accrued interest from (and including) 24 January 2013 to (but excluding) 6 February 2013 (the "Additional Notes" and, together with the Original Notes, the "2013 Notes").The net proceeds of the 2013 Notes, after deducting the transaction costs, amounted to RMB3,708,031,000.

On 24 January 2017, Caifu redeemed the 2013 Notes in full at a redemption price equal to 104.375% of the principal amount of the 2013 Notes outstanding thereof which amounted to RMB4,294,322,000 plus the accrued and unpaid interest of RMB180,002,000 as of 24 January 2017.

(ii) 2014 Notes

On 10 January 2014, a subsidiary of the Group, Trillion Chance issued 8.5% senior notes due 10 January 2019 in the aggregate principal amount of USD1,000,000,000 (the "2014 Notes"). The net proceeds of the 2014 Notes, after deducting the transaction costs, amounted to RMB5,991,541,000.

On 10 January 2017, Trillion Chance redeemed the 2014 Notes in full at a redemption price equal to 104.250% of the principal amount of the 2014 Notes outstanding thereof which amounted to RMB7,220,564,000 plus the accrued and unpaid interest of RMB294,364,000 as of 10 January 2017.

(iii) 2017 Notes

2017 Notes I

On 13 January 2017, a subsidiary of the Group, Easy Tactic Limited ("Easy Tactic") issued 5.75% senior notes due 13 January 2022 in the aggregate principal amount of USD265,000,000 with the issue price 99.146% of the principal amount (the "2017 Original Notes").

On 20 January 2017, Easy Tactic further issued 5.75% senior notes due 13 January 2022 in the aggregate principal amount of USD460,000,000 with the issue price 99.146% of the principal amount, plus accrued interest from (and including) 13 January 2017 to (but excluding) 20 January 2017 (the "2017 Additional Notes" and, together with the 2017 Original Notes, the "2017 Notes I"). The net proceeds of the 2017 Notes I, after deducting the transaction costs, amounted to RMB4,880,042,000.

(All amounts in RMB Yuan thousands unless otherwise stated)

25. BORROWINGS (Continued)

(d) Senior notes (Continued)

(iii) 2017 Notes (Continued)

2017 Notes II

On 13 October 2017, a subsidiary of the Group, Trillion Chance Limited ("Trillion Chance") issued 5.25% senior notes due 11 October 2018 in the aggregate principal amount of USD600,000,000 with the issue price 100% of the principal amount (the "2017 Notes II – Original Notes").

On 27 October 2017, Trillion Chance further issued 5.25% senior notes due 11 October 2018 in the aggregate principal amount of USD200,000,000 with the issue price 100% of the principal amount, plus accrued interest from (and including) 13 October 2017 to (but excluding) 27 October 2017 (the "2017 Notes II – Additional Notes" and, together with the 2017 Notes II – Original Notes, the "2017 Notes II"). The net proceeds of the 2017 Notes II, after deducting the transaction costs, amounted to RMB5,140,306,000.

2017 Notes III

On 17 November 2017, Easy Tactic issued 5.875% senior notes due 13 February 2023 in the aggregate principal amount of USD500,000,000 with the issue price 100% of the principal amount (the "2017 Notes III – Original Notes"). The net proceeds of the 2017 Notes III-Original Notes, after deducting the transaction costs, amounted to RMB3,250,991,000.

As at 31 December 2017, the 2017 Notes I, 2017 Notes II and 2017 Notes III were guaranteed by certain subsidiaries of the Group and were secured by shares of certain offshore subsidiaries of the Group.

The effective interest rate of senior notes ranged from 6.14% to 9.14% (2016: 8.87% to 12.25%).

The movements of senior notes are set out below:

	2017	2016
At 1 January	**11,550,207**	12,776,880
Issuance of the 2017 Notes	**13,271,339**	–
Redemption	**(11,040,521)**	(2,572,906)
Early redemption premium paid	**(474,365)**	–
Interest charged	**464,876**	1,117,780
Accrued early redemption premium	**–**	476,918
Interest paid or included in other payables	**(385,793)**	(1,010,775)
Foreign exchange (gains)/losses	**(408,779)**	762,310
At 31 December	**12,976,964**	11,550,207

(All amounts in RMB Yuan thousands unless otherwise stated)

25. BORROWINGS (Continued)

(d) Senior notes (Continued)

(iii) 2017 Notes (Continued)

2017 Notes III (Continued)

The carrying amounts of the Group's senior notes are denominated in USD.

The fair value of the senior notes as at 31 December 2017 amounted to RMB13,216,190,000 (31 December 2016: RMB11,599,885,000). The fair value is determined by reference to the price quotations published by Bloomberg on 31 December 2017 and is within level 1 of the fair value hierarchy.

(e) Other borrowings

Certain subsidiaries of the Group (the "Project Companies") have entered into funding arrangements with certain financial institutions (the "Trustees"), under which the Trustees have raised funds from third parties and injected the funds to the Project Companies.

The effective interest rate of these funding arrangements ranged from 4.75% to 13.18% (2016: 4.75% to 13.18%).

The movements of other borrowings are set out below:

	2017	2016
At 1 January	**14,212,330**	24,250,527
Additions	**13,076,560**	5,244,330
Acquisition of a subsidary	**300,000**	100,000
Repayments	**(10,274,070)**	(15,343,000)
Interest charged	**1,150,472**	1,585,401
Interest paid or included in other payables	**(1,150,472)**	(1,624,928)
Foreign exchange gains	**(15,820)**	–
At 31 December	**17,299,000**	14,212,330

The maturity of other borrowings is as follows:

	2017	2016
Within one year	**6,843,000**	5,036,330
Between one and two years	**5,798,000**	6,626,000
Between two and five years	**3,159,000**	2,550,000
Over five years	**1,499,000**	–
Total other borrowings	**17,299,000**	14,212,330

The carrying amounts of other borrowings as at 31 December 2017 and 2016 are denominated in RMB.

The carrying amounts of other borrowings approximate their fair values.

(All amounts in RMB Yuan thousands unless otherwise stated)

25. BORROWINGS (Continued)

(f) Finance lease liabilities

In April 2012, 北京富力城, a subsidiary of the Company entered into an aircraft rental agreement with an independent third party under a financial lease (the "2012 Finance Lease Arrangement"). Under the 2012 Finance Lease Arrangement, 北京富力城 leased an aircraft for an agreed term of five years commencing from 15 April 2012. At the maturity date of the lease, 北京富力城 has an option to purchase the aircraft for a consideration of RMB94,830,000. Upon the maturity date, 北京富力城 did not exercise the option to purchase the aircraft.

In August 2016, 北京富力通達, another subsidiary of the Company entered into an aircraft rental agreement with an independent third party under a financial lease (the "2016 Finance Lease Arrangement"). Under the 2016 Finance Lease Arrangement,北京富力通達 leased an aircraft for an agreed term of four years commencing from 15 September 2016. The lessor will transfer the ownership of the underlying asset to 北京富力通達 at the maturity date of the lease or the early repayment date.

During the year ended 31 December 2017, the Group entered into certain office equipments and automobile financial lease agreements with independent third parties.

The movements of finance lease liabilities are set out below:

	2017	2016
At 1 January	**323,532**	60,519
Additions	**2,017**	354,691
Repayments	**(101,378)**	(93,908)
Interest charged	**13,069**	6,867
Interest paid or included in other payables	**(13,165)**	(4,637)
At 31 December	**224,075**	323,532

	2017	2016
Gross finance lease liabilities – minimum lease payments		
No later than 1 year	**97,900**	114,391
Later than 1 year and no later than 5 years	**140,448**	236,161
	238,348	350,552
Future finance charges on finance leases	**(14,273)**	(27,020)
Present value of finance lease liabilities	**224,075**	323,532
The present value of finance lease liabilities is as follows:		
No later than 1 year	**89,310**	101,850
Later than 1 year and no later than 5 years	**134,765**	221,682
	224,075	323,532

(All amounts in RMB Yuan thousands unless otherwise stated)

25. BORROWINGS (Continued)

(g) As at 31 December 2017, bank and other borrowings totaling RMB55,003,931,000 (2016: RMB44,781,491,000) were secured by the following:

	2017	2016
Land use rights	**757,672**	697,664
Property, plant and equipment	**5,225,278**	4,154,497
Investment properties	**15,190,552**	14,094,260
Properties under development	**29,119,715**	30,414,608
Completed properties held for sale	**6,648,588**	319,335
Restricted cash	**6,289,757**	12,947,855
	63,231,562	62,628,219

The Group's bank borrowings as at 31 December 2017 of RMB10,257,310,000 (2016: RMB300,000,000) were guaranteed by the Company and secured by the Group's shares of 7 subsidiaries (2016: 1).

The Group's other borrowings as at 31 December 2017 of RMB3,900,000,000 (2016: RMB9,064,000,000) were guaranteed by the Company and secured by the Group's shares of 4 subsidiaries (2016: 5).

The other borrowings of RMB1,750,000,000 are under securitisation arrangements collateralised by certain future trade receivables from the remaining receipts from sales of properties amounting to RMB1,877,682,000. These securities bear an effective interest rate of 6.78% to 6.80% per annum and have a revolving term of 7 months.

(h) The majority of unsecured bank borrowings and other borrowings are supported by guarantees issued by the Company or certain subsidiaries of the Group. Details are as follows:

	2017	2016
Guarantors:		
The Company	**6,627,450**	3,998,000
Subsidiaries	**645,000**	1,303,550
	7,272,450	5,301,550

(All amounts in RMB Yuan thousands unless otherwise stated)

26. DEFERRED INCOME TAX

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2017	2016
Deferred tax assets:		
– To be recovered after 12 months	**5,289,578**	3,708,912
– To be recovered within 12 months	**1,127,912**	544,949
	6,417,490	4,253,861
Deferred tax liabilities:		
– To be recovered after 12 months	**(6,026,683)**	(4,549,342)
– To be recovered within 12 months	**(693,685)**	(381,550)
	(6,720,368)	(4,930,892)
Deferred tax liabilities – net	**(302,878)**	(677,031)

The gross movements on the deferred income tax account are as follows:

	2017	2016
At 1 January	**(677,031)**	(640,761)
Income statement credits	**337,102**	256,988
Tax credits/(charges) relating to components of other comprehensive income	**45,620**	(16,247)
Acquisitions of subsidiaries	**(13,063)**	(275,034)
Currency translation differences	**4,494**	(1,977)
At 31 December	**(302,878)**	(677,031)

(All amounts in RMB Yuan thousands unless otherwise stated)

26. DEFERRED INCOME TAX (Continued)

The movements in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred tax liabilities:

	Timing difference in sales recognition and related cost of sales	Fair values of investment properties over the tax bases	Revaluation surplus arising from business combinations	Revaluation of available-for-sale financial assets	Interest capitalisation and others	Total
At 1 January 2016	520,305	3,412,136	99,479	101,455	455,480	4,588,855
(Credited)/charged to the income statement	(138,755)	445,164	(4,810)	–	254,738	556,337
Acquisitions of subsidiaries	–	176,928	185,799	–	–	362,727
Charged to other comprehensive income	–	–	–	16,247	–	16,247
At 31 December 2016	**381,550**	**4,034,228**	**280,468**	**117,702**	**710,218**	**5,524,166**
Charged/(credited) to the income statement	**312,135**	**212,203**	**(8,805)**	**–**	**204,844**	**720,377**
Acquisitions of subsidiaries	**–**	**4,616**	**1,559,812**	**–**	**–**	**1,564,428**
Credited to other comprehensive income	**–**	**–**	**–**	**(45,620)**	**–**	**(45,620)**
At 31 December 2017	**693,685**	**4,251,047**	**1,831,475**	**72,082**	**915,062**	**7,763,351**

(All amounts in RMB Yuan thousands unless otherwise stated)

26. DEFERRED INCOME TAX (Continued)

Deferred tax assets:

	Accruals and others	Tax losses	Unrealised profit on intra-group transactions	Revaluation deficit arising from business combinations	Total
At 1 January 2016	2,513,365	1,002,679	432,050	–	3,948,094
Credited to the income statement	352,833	382,128	78,364	–	813,325
Acquisitions of subsidiaries	–	87,693	–	–	87,693
Currency translation differences	–	(1,977)	–	–	(1,977)
At 31 December 2016	**2,866,198**	**1,470,523**	**510,414**	**–**	**4,847,135**
Credited/(charged) to the income statement	**1,043,919**	**(99,456)**	**121,965**	**(8,949)**	**1,057,479**
Acquisitions of subsidiaries	**17,572**	**57,214**	**–**	**1,476,579**	**1,551,365**
Currency translation differences	**–**	**4,494**	**–**	**–**	**4,494**
At 31 December 2017	**3,927,689**	**1,432,775**	**632,379**	**1,467,630**	**7,460,473**

As at 31 December 2017, deferred income tax assets of RMB1,042,983,000 were offset against deferred tax liabilities within the same tax jurisdictions (31 December 2016: RMB593,274,000).

27. CURRENT INCOME TAX LIABILITIES

	2017	2016
Land appreciation tax liabilities	**11,829,044**	9,716,349
Income tax liabilities	**3,923,908**	2,577,682
	15,752,952	12,294,031

28. OTHER INCOME

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

(All amounts in RMB Yuan thousands unless otherwise stated)

29. OTHER GAINS – NET

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

30. EXPENSES BY NATURE

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

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

(All amounts in RMB Yuan thousands unless otherwise stated)

31. EMPLOYEE BENEFIT EXPENSES

	2017	2016
Wages and salaries	**1,781,851**	1,204,953
Retirement scheme contributions	**326,895**	243,985
Other allowances and benefits	**133,878**	89,319
	2,242,624	1,538,257

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year do not include any director (2016: Nil) whose emoluments are reflected in the analysis shown in Note 42. The emoluments payable to the five (2016: five) individuals during the year are as follows:

	2017	2016
Wages and salaries, housing allowances, other allowances and benefits in kind	**147,108**	138,194

The emoluments fell within the following bands:

	Number of individuals	
	2017	2016
Emolument bands		
HKD13,500,001 to HKD14,000,000	**1**	–
HKD17,500,001 to HKD18,000,000	**–**	1
HKD22,000,001 to HKD22,500,000	**1**	1
HKD22,500,001 to HKD23,000,000	**–**	1
HKD29,500,001 to HKD30,000,000	**1**	–
HKD34,500,001 to HKD35,000,000	**1**	–
HKD36,500,001 to HKD37,000,000	**–**	1
HKD61,500,001 to HKD62,000,000	**–**	1
HKD70,500,001 to HKD71,000,000	**1**	–

(All amounts in RMB Yuan thousands unless otherwise stated)

32. FINANCE COSTS

	2017	2016
Interest expenses:		
– bank borrowings	**2,742,532**	2,278,361
– domestic bonds (Note 25(b))	**2,463,693**	1,637,428
– medium-term notes (Note 25(c))	**64,163**	–
– senior notes (Note 25(d))	**464,876**	1,117,780
– other borrowings (Note 25(e))	**1,150,472**	1,585,401
– finance lease liabilities (Note 25(f))	**13,069**	6,867
	6,898,805	6,625,837
Accrued early redemption premium for senior notes	**–**	476,918
Net foreign exchange (gains)/losses	**(1,172,053)**	613,794
Less: finance costs capitalised	**(4,053,773)**	(5,349,504)
	1,672,979	2,367,045

33. INCOME TAX EXPENSES

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

(a) Hong Kong profits tax

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

(b) PRC enterprise income tax

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

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

(c) PRC land appreciation tax

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

(All amounts in RMB Yuan thousands unless otherwise stated)

33. INCOME TAX EXPENSES (Continued)

(d) The tax on the Group's profit before tax differs from the theoretical amount that would have arisen using the weighted average tax rate applicable to profits of the consolidated companies due to the following:

	2017	2016
Profit before income tax	**28,475,020**	11,868,840
Less: land appreciation tax	**(3,821,650)**	(2,236,084)
	24,653,370	9,632,756
Calculated at tax rate of 25% (2016: 25%)	**6,163,343**	2,408,189
Effects of:		
– Different income tax rates of certain companies	**(11,804)**	3,830
– Share of results of joint ventures and associates	**(23,712)**	(195,041)
– Expenses and development costs not deductible for tax purposes	**103,152**	1,620
– Tax losses for which no deferred income tax asset was recognised	**308,603**	500,566
– Income not subject to tax	**(154,892)**	–
– Gains on bargain purchase	**(3,276,890)**	–
– Others	**121,315**	(142,425)
PRC enterprise income tax	**3,229,115**	2,576,739
Land appreciation tax	**3,821,650**	2,236,084
Tax charge	**7,050,765**	4,812,823

(e) The tax charges relating to components of other comprehensive income are as follows:

	2017			2016		
	Before tax	**Tax charges**	**After tax**	Before tax	Tax charges	After tax
Fair value (losses)/gains of available-for-sale financial assets	**(182,480)**	**45,620**	**(136,860)**	64,990	(16,247)	48,743

34. BASIC AND DILUTED EARNINGS PER SHARE

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

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

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

35. DIVIDENDS

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

	2017	2016
Interim dividend declared of RMB0.33 (2016: 0.30) per ordinary share	**1,063,381**	966,710
Proposed final dividend of RMB0.77 (2016: 0.70) per ordinary share	**2,481,223**	2,255,657
	3,544,604	3,222,367

(All amounts in RMB Yuan thousands unless otherwise stated)

36. CASH FLOW INFORMATION

(a) Cash generated from operations

	2017	2016
Profit for the year	**21,424,255**	7,056,017
Adjustments for:		
– Capitalised finance costs included in costs of sales	**3,451,904**	3,180,202
– Taxes	**7,050,765**	4,812,823
– Interest income	**(198,856)**	(194,894)
– Finance costs	**1,672,979**	2,367,045
– Depreciation	**694,461**	498,490
– Amortisation of land use rights and intangible assets	**138,862**	123,468
– Losses/(gains) on disposals of property, plant and equipment	**1,247**	(24,175)
– Gains on disposals of land use rights	**(25,679)**	–
– Gains on disposals of intangible assets	**(54,355)**	(90,107)
– Losses on disposals of an associate	**13,459**	–
– Gains on bargain purchase	**(13,107,560)**	–
– Share of results of joint ventures	**33,322**	(844,493)
– Share of results of associates	**(128,170)**	(438)
– Fair value gains on investment properties	**(780,672)**	(1,740,812)
– Dividend income from available-for-sale financial assets	**(10,233)**	(17,631)
– Elimination of unrealised profits	**21,517**	3,732
Operating profit before changes in working capital	**20,197,246**	15,129,227
Changes in working capital:		
– Properties under development and completed properties held for sale	**(22,586,874)**	(1,165,233)
– Trade receivables	**(743,714)**	(2,324,003)
– Other receivables, deposits and prepayments	**(6,762,056)**	(5,404,477)
– Restricted cash	**1,237,954**	(2,040,905)
– Deposits received on sale of properties	**9,511,333**	1,139,142
– Accruals and other payables	**2,413,588**	371,501
Cash generated from operations	**3,267,477**	5,705,252

(All amounts in RMB Yuan thousands unless otherwise stated)

36. CASH FLOW INFORMATION (Continued)

(b) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

Net debt

	2017	2016
Cash and cash equivalents	**19,697,169**	25,306,015
Borrowings – repayable within one year	**(28,414,422)**	(33,681,918)
Borrowings – repayable after one year	**(113,829,411)**	(87,170,166)
Net debt	**(122,546,664)**	(95,546,069)
Cash and cash equivalents	**19,697,169**	25,306,015
Gross debt – fixed interest rates	**(85,811,800)**	(78,289,738)
Gross debt – variable interest rates	**(56,432,033)**	(42,562,346)
Net debt	**(122,546,664)**	(95,546,069)

		Liabilities from financing activities				
	Cash and cash equivalents	**Finance leases due within 1 year**	**Finance leases due after 1 year**	**Borrowings due within 1 year**	**Borrowings due after 1 year**	**Total**
Net debt as at 1 January 2016	13,970,313	(48,176)	(12,343)	(32,631,066)	(49,747,055)	(68,468,327)
Cash flow	11,267,780	93,908	127,689	2,334,278	(36,181,438)	(22,357,783)
Additions – finance leases	–	(133,009)	(221,682)	–	–	(354,691)
Currency translation differences	67,922	–	–	(762,310)	–	(694,388)
Other non-cash movements	–	(14,573)	(115,346)	(2,520,970)	(1,019,991)	(3,670,880)
Net debt as at 31 December 2016	25,306,015	(101,850)	(221,682)	(33,580,068)	(86,948,484)	(95,546,069)
Cash flow	**(5,498,370)**	**101,984**	**–**	**5,174,547**	**(26,428,583)**	**(26,650,422)**
Additions – finance leases	**–**	**(426)**	**(1,591)**	**–**	**–**	**(2,017)**
Currency translation differences	**(110,476)**	**–**	**–**	**638,443**	**506,967**	**1,034,934**
Other non-cash movements	**–**	**(89,018)**	**88,508**	**(558,034)**	**(824,546)**	**(1,383,090)**
Net debt as at 31 December 2017	**19,697,169**	**(89,310)**	**(134,765)**	**(28,325,112)**	**(113,694,646)**	**(122,546,664)**

(All amounts in RMB Yuan thousands unless otherwise stated)

37. FINANCIAL GUARANTEE CONTRACTS

The face values of the financial guarantees issued by the Group as at 31 December 2017 are analysed as follows:

	2017	2016
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties (Note (a))	**52,779,589**	33,406,812
Guarantees in respect of borrowings of joint ventures and associates (Note (b))	**5,102,942**	5,514,356
	57,882,531	38,921,168

Note:

(a) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to the banks over the repayment obligations of the purchasers. Such guarantees terminate upon the earlier of (i) issuance of the certificate of real estate ownership which will generally be available within an average period of 25 months upon the completion of guarantee registration; or (ii) completion of mortgage registration.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the date of grant of the relevant mortgage loans and ends when the certificate of real estate ownership for the mortgage is issued and submitted to the banks. The directors consider that the fair value of these contracts at date of inception was minimal and in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the financial statements for the guarantees.

(b) The balance represents the maximum exposure of the guarantees provided for joint ventures and associates for their borrowings.

38. COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at the end of the year but not yet incurred is as follows:

	2017	2016
Contracted but not provided for		
Properties development activities	**8,400,098**	6,502,044
Acquisitions of land use rights	**18,628,978**	12,200,006
Additional capital injection into an associate	**–**	280,000
Acquisition of remaining Assets from Dalian Wanda	**797,340**	–
	27,826,416	18,982,050

(All amounts in RMB Yuan thousands unless otherwise stated)

38. COMMITMENTS (Continued)

(b) Operating lease commitments

The future aggregate minimum lease payments for land use rights and buildings under non-cancellable operating leases are as follows:

	2017	2016
No later than one year	**33,692**	27,841
Later than one year and no later than five years	**36,029**	42,414
Later than five years	**34,244**	47,938
	103,965	118,193

39. SIGNIFICANT RELATED-PARTY TRANSACTIONS

The major shareholders of the Group include Mr. Li Sze Lim and Mr. Zhang Li, who own 33.52% and 32.02%, respectively, of the Company's shares.

Transactions are based on the price lists in force and terms that would be available to third parties. The following transactions were carried out with related parties:

i) Key management compensation

	2017	2016
Salaries and welfare benefits	**100,113**	73,368

ii) Provision of lease of properties

	2017	2016
Common shareholders:		
廣州金貝殼投資有限公司	**–**	209
A joint venture:		
廣州富景	**–**	33
	–	242

iii) Drinking water system charges

	2017	2016
Common shareholders:		
廣州越富環保科技有限公司	**41**	6,513
	41	6,513

(All amounts in RMB Yuan thousands unless otherwise stated)

39. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

iv) Provision of property management services

	2017	2016
Joint ventures:		
津南新城	24,987	18,588
貴州大西南	10,696	6,953
	35,683	25,541

v) Provision of decoration, design and construction services

	2017	2016
Joint ventures:		
貴州大西南	78,783	68,239
廣州富景	58,807	188,052
上海悦城	24,945	960
森華房地產	12,579	11,928
津南新城	11,731	10,902
廣西富雅	2,921	2,337
	189,766	282,418
Associates:		
龍岩恒富	34,951	–
河南建業	16,198	–
	51,149	–
	240,915	282,418

vi) Provision of consultation services

	2017	2016
A joint venture:		
貴州大西南	2,438	–

vii) Purchase of installation services

	2017	2016
Controlled by an immediate family member of a major shareholder:		
廣州鉅融機電工程有限公司	9,651	28,925

(All amounts in RMB Yuan thousands unless otherwise stated)

39. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

viii) Provision of guarantees for borrowings

The Group and other shareholders have jointly provided guarantees for certain borrowings granted to the Group's joint ventures and associates for project development purposes. As at 31 December 2017, the Group's guarantees for borrowings provided to its joint ventures and associates are shown as follows:

(a) Bank borrowings

	2017	2016
Joint ventures:		
津南新城	**1,170,000**	1,125,000
廣州富景	**1,022,424**	589,004
上海悦城	**624,443**	475,000
騰順投資	**308,500**	50,000
森華房地產	**67,500**	108,600
廣西富雅	**56,400**	120,000
貴州大西南	**–**	48,000
	3,249,267	2,515,604
Associates:		
河南建業	**629,100**	405,000
龍岩恒富	**30,000**	–
廣州利合	**–**	119,920
	659,100	524,920
	3,908,367	3,040,524

(b) Other borrowings

	2017	2016
Associates:		
河南建業	**402,300**	634,500
廣州利合	**–**	896,000
	402,300	1,530,500

(All amounts in RMB Yuan thousands unless otherwise stated)

39. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

ix) Balances with related parties

As at 31 December 2017, the Group had the following significant balances with related parties:

	2017	2016
Due from:		
Joint ventures		
– Non-trade balances		
Instant Glory (Note (a))	**2,179,543**	–
騰順投資 (Note (a))	**682,408**	401,128
長沙禧榮 (Note (b))	**605,828**	–
Hines Shanghai (Note (b))	**171,287**	187,957
南京星潤 (Note (a))	**147,025**	–
Accord Wing	**103,942**	103,181
Etone Australia (Note (a))	**94,037**	–
廣西富雅	**10,003**	10,003
貴州大西南	**–**	350,734
	3,994,073	1,053,003
– Trade balances		
森華房地產	**2,485**	–
Associates		
– Non-trade balances		
南通錦力	**106,263**	–
龍岩恒富	**103,206**	–
馬洋溪水務	**520**	–
廣州利合	**–**	42,281
	209,989	42,281
– Trade balances		
龍岩恒富	**36,000**	–
	4,242,547	1,095,284
Due to:		
Joint ventures		
– Non-trade balances		
廣州富景	**2,025,265**	416,512
上海悦城	**1,661,137**	1,372,237
津南新城	**491,825**	91,825
森華房地產	**389,000**	389,000
貴州大西南	**47,801**	–
	4,615,028	2,269,574
Associates		
– Non-trade balances		
河南建業	**82,700**	414,142
北京盛興天和	**77,576**	77,576
	160,276	491,718
	4,775,304	2,761,292

39. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

ix) Balances with related parties (Continued)

The non-trade balances with related parties are interest free, unsecured and have no fixed repayment terms. No provisions are held against receivables from related parties (2016:Nil).

(a) It represents payments for purchases of land use rights paid by the Group on behalf of the joint venture.

(b) It represents payments for land use rights, construction costs and repayments for bank borrowings paid by the Group on behalf of the joint ventures.

40. EVENTS AFTER THE REPORTING PERIOD

On 9 January 2018, a subsidiary of the Group, Easy Tactic issued 5.875% senior notes due 13 February 2023 in the aggregate principal amount of USD100,000,000 (equivalent to approximately RMB648,320,000) with the issue price 99.426% of the principal amount, plus accrued interest from (and including) 17 November 2017 to (but excluding) 9 January 2018(the “2018 Additional Notes”). The net proceeds of the 2018 Additional Notes, after deducting the transaction costs, amounted to RMB640,561,000.

On 15 February 2018, a subsidiary of the Group, Trillion Chance issued 5.000% senior notes due 15 February 2019 in the aggregate principal amount of USD350,000,000 (equivalent to approximately RMB2,232,125,000) with the issue price 100% of the principal amount (the “2018 Original Notes I”). The net proceeds of the 2018 Original Notes I, after deducting the transaction costs, amounted to RMB2,206,205,000.

(All amounts in RMB Yuan thousands unless otherwise stated)

41 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company

		As at 31 December 2017	As at 31 December 2016
ASSETS			
Non-current assets			
Land use rights		104,120	107,382
Property, plant and equipment		1,520,912	1,435,661
Investment properties		145,153	142,644
Intangible assets		81,901	58,414
Investments in subsidiaries		24,371,323	20,388,322
Interests in joint ventures		3,515,384	3,637,426
Interests in associates		57,405	2,535
Deferred income tax assets		294,997	157,712
Available-for-sale financial assets		400,390	583,550
		30,491,585	26,513,646
Current assets			
Properties under development		1,221,063	1,134,049
Completed properties held for sale		1,826,576	2,676,403
Trade and other receivables and prepayments		63,021,656	52,975,831
Tax prepayments		28,697	5,562
Restricted cash		4,788,177	12,439,600
Cash and cash equivalents		1,700,585	3,418,851
		72,586,754	72,650,296
Total assets		103,078,339	99,163,942
EQUITY			
Equity attributable to owners of the Company			
Share capital		805,592	805,592
Other reserves	Note (a)	4,480,630	4,618,000
Retained earnings	Note (a)	4,579,324	4,930,843
Total equity		9,865,546	10,354,435
LIABILITIES			
Non-current liabilities			
Long-term borrowings		50,859,103	53,555,974
Current liabilities			
Accruals and other payables		38,605,208	32,818,607
Current income tax liabilities		1,100,482	896,596
Short-term borrowings		1,750,000	833,330
Current portion of long-term borrowings		898,000	705,000
		42,353,690	35,253,533
Total liabilities		93,212,793	88,809,507
Total equity and liabilities		103,078,339	99,163,942

(All amounts in RMB Yuan thousands unless otherwise stated)

41 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

Balance sheet of the Company (Continued)

Li Sze Lim
Director

Zhang Li
Director

(a) Reserve movement of the Company

	Retained earnings	Other reserves
Balance as at 1 January 2016	5,219,618	4,559,210
Profit for the year	3,578,065	–
Fair value gains on available-for-sale financial assets, net of tax	–	14,220
Disposals of shares held for Share Award Scheme	–	44,570
Dividends for the year	(3,866,840)	–
Balance as at 31 December 2016	4,930,843	4,618,000
Balance as at 1 January 2017	**4,930,843**	**4,618,000**
Profit for the year	**2,967,519**	**–**
Fair value losses on available-for-sale financial assets, net of tax	**–**	**(137,370)**
Dividends for the year	**(3,319,038)**	**–**
Balance as at 31 December 2017	**4,579,324**	**4,480,630**

(All amounts in RMB Yuan thousands unless otherwise stated)

42 BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS

(a) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive is set out below:

For the year ended 31 December 2017:

Name of Director	**Salary and other benefits (Note (ii))**	**Employer's contribution to a retirement benefit scheme**	**Total**
Executive Directors			
Mr. Li Sze Lim	**5,308**	**16**	**5,324**
Mr. Zhang Li (Note (i))	**5,308**	**16**	**5,324**
Mr. Zhou Yaonan	**6,611**	**–**	**6,611**
Mr. Lu Jing	**2,605**	**–**	**2,605**
Non-executive Directors			
Ms. Zhang Lin	**426**	**–**	**426**
Ms. Li Helen	**426**	**–**	**426**
Independent non-executive Directors			
Mr. Ng Yau Wah Daniel	**322**	**–**	**322**
Mr. Lai Ming Joseph (retired on 19 May 2017)	**132**	**–**	**132**
Mr. Wong Chun Bong (appointed on 19 May 2017)	**212**	**–**	**212**
Mr. Zheng Ercheng	**322**	**–**	**322**

For the year ended 31 December 2016:

Name of Director	Salary and other benefits (Note (ii))	Employer's contribution to a retirement benefit scheme	Total
Executive Directors			
Mr. Li Sze Lim	4,330	5	4,335
Mr. Zhang Li (Note (i))	4,330	5	4,335
Mr. Zhou Yaonan	6,609	–	6,609
Mr. Lu Jing	3,655	–	3,655
Non-executive Directors			
Ms. Zhang Lin	422	–	422
Ms. Li Helen	422	–	422
Independent non-executive Directors			
Mr. Ng Yau Wah Daniel	319	–	319
Mr. Lai Ming Joseph	339	–	339
Mr. Zheng Ercheng	319	–	319

(All amounts in RMB Yuan thousands unless otherwise stated)

42 BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS (Continued)

(b) Supervisors' emoluments

The remuneration of every Supervisor for the year ended 31 December 2017 is set out below:

Name of Supervisor	Salary
Mr. Chen Liangnuan	72
Ms. Liang Yingmei	72
Mr. Zhao Xianglin	66

The remuneration of every Supervisor for the year ended 31 December 2016 is set out below:

Name of Supervisor	Salary
Mr. Chen Liangnuan	72
Ms. Liang Yingmei	72
Mr. Zhao Xianglin	66

Note:

(i) Mr. Zhang Li is also the Chief Executive of the Company.

(ii) Other benefits mainly include welfare and transportation expenses.

(iii) During 2017, no directors waived or has agreed to waive any emoluments (2016: Nil).

(iv) During the year, no emolument was paid by the Group to any of the above directors as an inducement to join or upon joining the Group or as compensation for loss of office (2016: Nil).

(c) Directors' retirement benefits and termination benefits

Save for those disclosed in Note 42(a), none of the directors received or will receive any other retirement benefits or termination benefits for the year ended 31 December 2017.

(d) Consideration provided to third parties for making available directors' services

For the year ended 31 December 2017, the Group did not pay consideration to any third parties for making available directors' services.

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

As at 31 December 2017, there is no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and connected entities with such directors.

(f) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

(All amounts in RMB Yuan thousands unless otherwise stated)

RECONCILIATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Group has prepared a separate set of consolidated financial statements for the period ended 31 December 2017 in accordance with China Accounting Standards for Business Enterprises ("CAS"). The differences between the consolidated financial statements prepared under CAS and HKFRS are summarised as follows:

	Profit for the period ended 31 December		**Total equity as At 31 December**	
	2017	2016	**2017**	2016
As stated in accordance with CAS	**21,425,638**	7,066,460	**64,862,417**	46,803,577
Impact of HKFRS adjustments:				
1. Amortisation of revaluation gain arising from business combinations	**(1,844)**	(13,920)	**41,651**	43,495
2. Deferred taxation	**461**	3,477	**(10,414)**	(10,875)
As stated in accordance with HKFRS	**21,424,255**	7,056,017	**64,893,654**	46,836,197

Notes:

1. The Group adopted SSAP27 "Accounting for Group Reconstructions" for acquisition of certain subsidiaries before the issuance of Accounting Guideline 5 "Merger Accounting for Common Control Combinations" in November 2005. As the acquisitions did not meet the conditions for using merger accounting under SSAP 27, which prevented the use of predecessor costs when non-controlling interests or rights of the ultimate shareholder have changed, the Group adopted purchase method to account for the acquisitions.

2. It refers to the effects of deferred tax arising from the above adjustments and recognition of deferred tax due to tax rate difference.

(All amounts in RMB Yuan thousands)

CONSOLIDATED BALANCE SHEET (AS AT 31 DECEMBER)

	2017	2016	2015	2014	2013
Non-current assets	**84,429,320**	48,033,848	44,573,266	39,659,133	33,781,882
Current assets	**213,679,620**	178,377,631	139,159,665	132,181,140	106,565,240
Total assets	**298,108,940**	226,411,479	183,732,931	171,840,273	140,347,122
Non-current liabilities	**120,549,779**	92,101,058	53,695,345	49,003,732	47,538,473
Current liabilities	**112,665,507**	87,474,224	80,820,206	70,690,979	59,326,606
Total liabilities	**233,215,286**	179,575,282	134,515,551	119,694,711	106,865,079
Total equity	**64,893,654**	46,836,197	49,217,380	52,145,562	33,482,043

CONSOLIDATED INCOME STATEMENT (YEAR ENDED 31 DECEMBER)

	2017	2016	2015	2014	2013
Revenue	**59,277,855**	53,730,339	44,290,924	34,705,410	36,271,284
Cost of sales	**(38,315,554)**	(38,543,599)	(30,083,853)	(22,391,431)	(22,036,298)
Gross profit	**20,962,301**	15,186,740	14,207,071	12,313,979	14,234,986
Other income and other gains — net	**1,325,048**	2,257,206	1,518,092	2,030,304	2,728,953
Selling and marketing costs	**(1,814,776)**	(1,315,362)	(896,657)	(896,059)	(626,089)
Administrative expenses	**(3,526,982)**	(2,672,863)	(2,409,572)	(2,220,501)	(1,838,631)
Gains on bargain purchase	**13,107,560**	–	–	–	–
Operating profit	**30,053,151**	13,455,721	12,418,934	11,227,723	14,499,219
Finance costs	**(1,672,979)**	(2,367,045)	(2,153,995)	(1,215,921)	(1,933,742)
Share of results of joint ventures	**(33,322)**	844,493	1,343,455	169,789	357,253
Share of results of associates	**128,170**	(64,329)	(18,893)	(25,205)	(50,901)
Profit before income tax	**28,475,020**	11,868,840	11,589,501	10,156,386	12,871,829
Income tax expense	**(7,050,765)**	(4,812,823)	(4,877,229)	(3,649,997)	(5,226,181)
Profit for the year	**21,424,255**	7,056,017	6,712,272	6,506,389	7,645,648
Attributable to:					
Owners of the Company	**21,186,451**	6,755,908	5,615,795	5,220,606	7,633,860
Holders of perpetual capital instruments	**143,567**	273,943	1,105,249	1,331,328	–
Non-controlling interest	**94,237**	26,166	(8,772)	(45,542)	11,788

PROPERTY LIST

DEVELOPMENT PROPERTY	The Group's Interest (%)	Location	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted GFA held by the Group (sq.m.)
Properties for sale (under-development)						
China						
Guangzhou						
R&F Jingang City (Jingu Industrial Park)	100%	Modern Avenue, Huadu Town, Huadu District	Residential & Retail	1,119,211	532,052	532,052
Innovative Merchandise Center (Global Merchandise City Project)	80%	Huacheng Street Pingbu Avenue North, Huadu District	Office	–	31,560	25,248
R&F Peninsula No. 1 (Xingangdong Project)	100%	No. 27 Xingangdong Road, Haizhu District	Residential	16,235	32,926	32,926
Guangfa Securities Project	40%	M1-5 Land, Pearl River New Town, Tianhe District	Office	6,463	156,510	62,604
Foshan						
R&F Xijiang No. 10 (Jiujiang Baobang Project)	100%	Xiaxi County, Jiujiang Town, Nanhai District	Residential	18,648	85,876	85,876
R&F International Finance Corporate	75%	No. 28, Haiwu Road, Guicheng, Nanhai District	Apartment, Office & Retail	57,108	156,418	117,313
Zhuhai						
R&F Youpai Plaza (Baoshui District Caishi Project)	67%	Baosheng Road, Baoshui District	Apartment, Office & Retail	51,530	275,320	184,464
Huizhou						
R&F Hot Spring Valley (excluding Hilton Huizhou Longmen Resort)	100%	Maqiao Re Shui Village, Yonghan Town, Longmen County	Residential & Retail	1,630,681	717,848	717,848
R&F Bay Shore	100%	Dapu Tun, Renshan Town, Huidong County	Residential & Retail	1,318,673	1,601,249	1,601,249
R&F Modern Plaza	100%	Luoyang Town, Boluo County	Residential & Retail	79,167	37,598	37,598
R&F Huilin Hot Spring Village	100%	Hengli, Huicheng District	Residential	698,012	100,920	100,920
Meizhou						
R&F City	100%	Meixian New Town	Residential & Retail	832,689	1,277,410	1,277,410
Jiangmen						
R&F Golden Jubilee Garden (Xinhui District Guzhou Project)	50%	Yinhu Avenue, Xinhui District	Residential	37,628	143,152	71,576
R&F Nanhu Yipin (Xinhui District Meijiang Project)	86%	Huicheng Street, Xinhui District	Residential & Retail	97,692	448,911	383,819
Shaoguan						
R&F City (Wanziqianhong Project)	65%	East of Shaoguan Avenue, Wujiang District	Residential	131,419	418,913	272,293

DEVELOPMENT PROPERTY	The Group's Interest (%)	Location	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted GFA held by the Group (sq.m.)
Zhaoqing						
R&F Shangyue Court (Dinghu New City District 46 Project)	100%	Xincheng District 46, Dinghu District	Residential, Apartment & Retail	46,407	196,844	196,844
Hainan						
R&F Bay Shore (excluding Marriot Hotel)	100%	Zone B, Xiangshui Bay, Lingshui Town, Sanya	Residential & Retail	1,702,993	364,938	364,938
R&F Mangrove Bay (excluding Hilton Hotel)	100%	Sanlin Exit, Huandao West Line High-way, Chengmai Town	Residential & Retail	4,352,042	1,852,465	1,852,465
R&F Moon Bay Shore	100%	Moon Bay, Changli Town, Wenchang	Residential & Retail	277,160	27,559	27,559
R&F Yuehaiwan	100%	Linlan Bay, Haikou	Residential & Retail	586,240	539,300	539,300
Xiangtan						
Xiangjiang R&F City	100%	Jiuhua District	Residential & Retail	1,325,817	3,315,247	3,315,247
Fuzhou						
R&F Center	100%	Taijiang District	Office	69,817	207,519	207,519
Putian						
R&F Shangyue Court	100%	Yingbin Avenue, Licheng District	Residential, Apartment & Retail	132,000	538,754	538,754
Sanming						
R&F Edinburgh (Meilie District Project)	100%	Melie District	Residential	42,089	157,100	157,100
Longyan						
R&F Jianfa Shangyue Court (Rongjia Project)	30%	Longteng Road, Xinluo District	Residential	28,495	143,857	43,157
Nanchang						
R&F Golden Jubilee City (Xianghu New Town Project)	100%	Xianghu New Town	Residential	81,374	250,621	250,621
R&F Prosperous Palace (Honggutan Project)	100%	Chunhui Road, Honggutan District	Residential & Retail	36,351	173,721	173,721
Jiujiang						
R&F Shangyue Court (Binjiang East Road Project)	100%	Binjiang East Road	Residential	54,000	140,967	140,967
Nanning						
Fuya Business Park (Wuxiang New District Project)	50%	Wuxiang New District	Residential	78,721	585,528	292,764
Chongqing						
R&F City (excluding Holiday Inn University City Chongqing)	100%	Xiyong Unit, Shaping Ba District	Residential & Retail	1,981,995	3,746,286	3,746,286
R&F Bay Shore (Yubei Project)	100%	Yubei District	Residential & Retail	173,630	395,089	395,089
R&F Nanshan Masion	100%	No. 99 Nanshan Road, Nanan Distict	Residential & Retail	79,583	30,978	30,978

DEVELOPMENT PROPERTY	The Group's Interest (%)	Location	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted GFA held by the Group (sq.m.)
Chengdu						
R&F Peach Garden	100%	South of Haidu Road, Xindu Town	Residential	186,650	100,099	100,099
Guiyang						
R&F Center	60%	Chengxin Road	Office & Apartment	99,272	157,155	94,293
R&F Xintiandi (Jinyang Plaza Project)	100%	Guanshanhu District	Apartment & Retail	64,379	441,395	441,395
Shanghai						
R&F Jiayuwan	50%	New Jiangwan Town, Yangpu District	Residential, Retail, Office & Hotel	142,664	98,886	49,443
R&F Hongqiao No. 10	100%	No. 5 & 6 Land, Hongqiao District	Residential, Office & Retail	106,318	164,100	164,100
Shanghai Hongqiao CBD	100%	Phase One, Hongqiao CBD	Retail & Office	46,095	210,293	210,293
Chuzhou						
R&F Wuyi Water Town	100%	Nanqiao New Town	Residential & Retail	385,387	792,374	792,374
Fuyang						
R&F City (Yinshang Project)	100%	North New District, Yinshang County	Residential	77,107	289,241	289,241
Hangzhou						
Chunan Qiandao Lake Project	100%	South of Sunshine Road, Chunan County	Residential	66,824	151,023	151,023
Huzhou						
Huzhou R&F No. 1 (Hudong Project)	100%	Hudong Road	Residential	111,384	310,929	310,929
R&F City	100%	Wuxing District	Residential, Retail & Apartment	197,762	344,649	344,649
Ningbo						
R&F Cambridge Court (Ningda North Project)	100%	Fenghua Road	Residential, Apartment & Office	101,163	365,437	365,437
R&F Yuhu Peninsula (Zhenhai New Town Project)	100%	Tongxin Road, Zhenhai New City	Residential	65,054	148,785	148,785
R&F Yuguanshan (Cicheng New District Project)	100%	Cicheng New District, Satellite City, Jiangbei	Residential	118,853	337,780	337,780
Wuxi						
R&F No. 10	100%	Taihu New Town	Residential & Retail	111,261	110,882	110,882
R&F City	100%	Wuxi New District	Residential & Retail	235,669	314,498	314,498
R&F Yunhe No. 10 (Mingliya Project)	100%	Nanhu Avenue, Liangxi District	Residential, Retail & Hotel	123,392	452,750	452,750
Nantong						
R&F Cambridge Court (Tonglv River South Project)	100%	South of Tonglv River	Residential & Retail	190,621	550,319	550,319

DEVELOPMENT PROPERTY	The Group's Interest (%)	Location	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted GFA held by the Group (sq.m.)
Wenzhou and vicinity						
R&F City (Kaifa District Binghai Garden Project)	100%	Binjiang Garden, Longwan District	Residential & Retail	132,312	350,476	350,476
R&F Central Park (Land 1a)	100%	South of Chenxi Road, Central District, Yueqing	Residential	66,667	209,437	209,437
Beijing and vicinity						
Tongzhou R&F Center	100%	Core Area, Tongzhou District	Office & Apartment	69,796	430,573	430,573
R&F New Town	100%	East of Daxiang High-way, Xianghe County, Langfang	Residential	932,994	439,241	439,241
Tangshan						
R&F Shengyue Court (Fenghuang New Town Project)	100%	Fenghuang New City, Lubei District	Residential, Office & Retail	80,640	142,040	142,040
Shijiangzhuang						
R&F Xibo Water Town (Pingshan Project)	100%	Changyuling, Pingshan County	Residential	433,908	444,969	444,969
R&F City (Nandou Project)	100%	High-tech Industrial Development Zone	Residential	94,092	307,517	307,517
Qinhuangdao						
Qinhuangdao R&F Heyuan (Beidai River Project)	100%	West of Beidai River 3rd Road	Residential	154,416	302,983	302,983
Tianjin						
R&F Jinmen Lake	100%	West of Youyi Nan Road, Hexi District	Residential	930,932	121,457	121,457
R&F Guangdong Building	100%	South of Tuochang Road, West of Binhe Xi Road, Tanggu District	Office & Retail	23,070	398,149	398,149
Jinnan New Town Project	25%	Xianshui Gu Town, Jinnan District	Residential, Retail, Office & Hotel	1,289,227	2,153,593	538,398
R&F New Town	100%	Tuanbo Town, Jingan County	Residential & Retail	1,781,702	2,659,434	2,659,434
Liulinwai Project	100%	Liulin Waihuan South Road	Residential & Retail	46,666	37,702	37,702
Yantai						
R&F Bay Shore (Yuexiu Haibian Project)	100%	South of Baiyin River	Residential	100,000	266,454	266,454
Dongying						
R&F Shengyue Court	100%	East of Dongsi Road, Dongying District	Residential	74,685	120,746	120,746
Xi'an						
R&F City	100%	North Ring Road, Chang'an District	Residential	6,880	34,441	34,441
R&F Bailuwan	100%	Fangzhi New Town, Baqiao District	Residential & Retail	139,375	294,191	294,191
R&F Global Merchandise City (Xixian New District Project)	80%	Xixian New District	Office & Hotel	94,490	261,910	209,528

DEVELOPMENT PROPERTY	The Group's Interest (%)	Location	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted GFA held by the Group (sq.m.)
Taiyuan						
R&F City	100%	No. 3 Jinan East Street, Xinhua Ling District	Residential & Retail	1,056,200	230,824	230,824
R&F Prosperous Palace	100%	No. 9 Jiefang Road North	Residential & Retail	237,601	601,218	601,218
R&F Shangyue Court	100%	South Street South	Residential	73,239	116,067	116,067
R&F City Garden No. 8	100%	Xinghualing District	Residential & Retail	188,744	506,000	506,000
R&F Tianxi City	100%	Jiancaoping District	Residential & Retail	327,987	1,315,770	1,315,770
R&F Bay Shore	100%	Xizhai Village, Jinyuan District	Residential	89,628	314,272	314,272
R&F Golden Jubilee City	100%	Longbao County, Xiaodian District	Residential	58,045	226,711	226,711
Datong						
R&F City	100%	South of Yunzhou Street	Residential & Retail	708,112	1,747,419	1,747,419
Harbin						
R&F Jiangwan New Town	100%	Youyi West Road, Daoli District	Residential, Retail & Hotel	120,574	301,422	301,422
R&F City	100%	Songbei District	Residential & Retail	399,198	608,938	608,938
Shenyang						
R&F Shangyue Court	100%	Oubo City, Dadong District	Residential & Retail	96,553	49,658	49,658
R&F Xingyuewan (Shenbei New District Project)	100%	Shenbei New District	Residential	373,092	262,491	262,491
Anshan						
R&F Kaixuanmen	100%	Garden Street, Tiedong District	Residential	37,766	219,731	219,731
Tieling						
New Town Center Project	100%	Administrative Core Area, New District	Retail	255,524	456,798	456,798
Baotou						
R&F City	100%	Xindushi District	Residential, Office, Apartment & Retail	426,911	1,005,731	1,005,731
R&F Prosperous Palace	100%	Northern District of Kundulun District	Residential	48,797	163,534	163,534
Hohhot						
R&F City (Baoquanzhuang Project)	100%	South of Xiaoheihe, Saihan District	Residential	72,274	269,400	269,400
R&F Prosperous Palace (Huimin District Project)	100%	Huimin District	Residential	138,224	435,598	435,598
Zhengzhou						
Wulong New Town (Wulongkou Project)	45%	Wulongkou South Road, Zhongyuan District	Residential	128,858	704,636	317,086
Huayuankou Project	45%	Zhongzhou Avenue, Jinshui District	Residential & Retail	94,710	392,183	176,482

DEVELOPMENT PROPERTY	The Group's Interest (%)	Location	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted GFA held by the Group (sq.m.)
Malaysia						
Johor Bahru						
R&F Princess Bay Shore	100%	Johor Bahru	Residential, Office & Retail	400,000	3,669,755	3,669,755
Australia						
Melbourne						
R&F Kinnears Live City	100%	124-188 Ballarat Street	Residential & Retail	33,288	174,531	174,531
Brisbane						
Brisbane R&F No. 1	100%	1 Cordelia Street	Residential & Retail	4,583	92,179	92,179
Properties for sale (under planning)						
China						
Guangzhou						
Tianhe District Tangdong Project	100%	Guang Tang Road, Tang Dong, Tianhe District	Apartment	72,174	86,338	86,338
Baogang Road Project	100%	No. 3 Baogang Road, Haizhu District	Residential & Retail	4,031	43,400	43,400
Jingang City Huawei Co. Project	100%	Modern Avenue, Huadu Town, Huadu District	Industrial & Storage	142,571	187,299	187,299
Shenzhen						
Bainikeng Project	65%	Pinghu Town, Longgang District	Residential	97,211	534,662	347,530
Zhuhai						
R&F Xintiandi	68%	South of Jiuzhou Road, Xiangzhou District	Residential, Apartment & Retail	16,813	236,484	159,627
Huizhou						
R&F Shangyue Court (Jilong Town Project)	100%	Jilong Village, Huidong County	Residential	110,505	275,126	275,126
Renshan Coast City Project	100%	Renshan Village, Huidong County	Residential	38,792	96,978	96,978
Shanwei						
Hongcaoyuan District Project	100%	Hongcaoyuan District	Residential	30,000	90,000	90,000
Yangjiang						
Shapa County Moon Bay Project	100%	Moon Bay, Shapa County	Residential	69,466	208,398	208,398
Hainan						
Hongqi Town Project	70%	Hongqi Town, Qiongshan District, Haikou	Residential	187,574	300,119	210,083
R&F Yueshanhu Project	100%	West of Zhongxing Road, Danzhou	Residential	68,214	176,728	176,728

DEVELOPMENT PROPERTY	The Group's Interest (%)	Location	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted GFA held by the Group (sq.m.)
Changsha						
Yanghuwan Project	33%	South of Xiandao Road, Yanghu Street	Residential, Apartment & Office	148,265	471,106	155,465
Tianmen						
R&F Cambridge Court	100%	Huiqiao Road	Residential	79,395	222,306	222,306
Fuzhou						
R&F City (Jinshui Lake Project)	100%	Jinshui Lake	Residential, Hotel & Retail	147,631	262,065	262,065
Xiamen						
Jimei Project	100%	Jimei District	Residential	12,254	27,570	27,570
Zhangzhou						
Changtai County Fenghuang Valley Project	100%	Mayangxi, Changtai County	Residential	179,666	165,892	165,892
Longyan						
Jianfa R&F Xiyuan	40%	Longyan Road, Dongxiao County	Residential	95,925	201,442	80,577
Nanchang						
R&F Silverage City	100%	Huiren Road, Xianghu New Town	Residential	53,860	172,093	172,093
Fuzhou						
R&F Shangyue Court	100%	Huancheng North Road, Nanfeng County	Residential	50,103	130,267	130,267
Chongqing						
Bishan District Project	100%	Lvdao New Town, Bishan District	Residential	267,082	332,529	332,529
Leshan						
Tongjiang District Project	100%	Tongjiang District	Residential	57,294	143,236	143,236
Ziyang						
Tuodong New District Project	100%	Tuodong New District, Yanjiang District	Residential	40,743	101,858	101,858
Guiyang						
R&F Shangyue Court	100%	South of Chongsha Road, Nanming District	Residential	76,178	494,728	494,728
R&F Prosperous Palace	100%	Zhongba Road, Yunyan District	Residential	8,304	45,655	45,655
Shanghai						
Fengxian District Nanqiao New Town Project	100%	North of Fengpu Road, Fengxian District	Office & Retail	51,879	181,577	181,577

DEVELOPMENT PROPERTY	The Group's Interest (%)	Location	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted GFA held by the Group (sq.m.)
Nanjing						
R&F City	100%	Qilin Science & Technology Parks, Jiangning District	Residential, Office & Hotel	571,864	150,761	150,761
Lishui Project	25%	Lishui District	Residential & Retail	119,560	246,707	61,677
Huaibei						
Donghu Project	100%	Longshan Road, Xiangshan District	Residential	94,562	141,843	141,843
Hangzhou						
Future Science City CBD Project	100%	Future Science City CBD	Residential, Retail & Hotel	107,516	483,822	483,822
Huzhou						
Wuxing District Xihuyang Project	100%	Xihuyang, Wuxing District	Residential	192,472	280,902	280,902
Nantong						
R&F Peninsula Garden (Zhangzhishan Project)	100%	Yinyanghe Village, Zhangzhishan County	Residential	43,507	78,312	78,312
Haian County Project	100%	Haian County	Residential	116,755	327,075	327,075
Deqing Residence (Tongzhou District Project)	33%	East of Shangde Road, Tongzhou District	Residential	68,681	71,368	23,766
Zhenjiang						
Changjianglu Project	100%	South of Changjiang Road	Residential	35,069	112,000	112,000
Wenzhou and vicinity						
Yueqing Central District Project	100%	South of Chenxi Road, CBD	Residential	53,592	123,262	123,262
Beijing and vicinity						
Shunyi District Gaoliying Project	50%	Gaosi Road, Gaoliying, Shunyi District	Retail	170,200	255,301	127,651
Yanqing District Yanqing New City	50%	Yanqing New Town, Yanqing District	Residential	99,493	218,506	109,253
Tangshan						
Gongjianfa Relocation Project	100%	Jianshe Road, Lubei District	Residential & Retail	22,157	66,470	66,470
Shijiangzhuang						
R&F Plaza (Xiumen Project)	100%	Jianshe South Road, Qiaoxi District	Office & Retail	9,805	193,000	193,000
Qinhuangdao						
Beidaihe Songshi Project	100%	Beidaihe District	Residential	166,855	66,742	66,742
Handan						
Ci County Project	100%	Ci County	Residential	105,123	277,195	277,195

DEVELOPMENT PROPERTY	The Group's Interest (%)	Location	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted GFA held by the Group (sq.m.)
Dongying						
Dongliulu Project	100%	Dongliulu, Dongying District	Residential	91,155	109,385	109,385
Heze						
R&F City	100%	South of Minjiang Road	Residential	123,430	449,700	449,700
Taiyuan						
R&F Mountain (Mengshan Project)	100%	Jinyuan District	Residential & Retail	281,806	339,000	339,000
Shenyang						
R&F Royal Villa	100%	Huangshan Village, Taoxian County, Dongling District	Residential	373,406	28,032	28,032
R&F International Finance Center (Shenhe District Project)	100%	No. 7 Youhao Road, Shenhe District	Residential, Office & Retail	29,250	358,500	358,500
Anshan						
R&F Danish Town	100%	West of Wanfang Road, Tiedong District	Residential	509,692	1,186,839	1,186,839
Tieling						
Lianhua Lake Project	100%	South of Lianhuahu	Residential	884,185	920,105	920,105
Dalian						
Xiaoyaowan Project	100%	CBD, Xiaoyaowan, Jinzhou District	Residential & Retail	389,308	812,711	812,711
Baotou						
R&F Cambridge Court	100%	Beiliangyilu, Hedong District	Residential	133,306	279,941	279,941
Urumqi						
Huizhan District Shuimohe Project	100%	Shuimohe, Huizhan District	Residential	250,834	641,659	641,659
Australia						
Melbourne						
Boxhill Project	100%	Boxhill	Residential	1,457	28,345	28,345
Brisbane						
Kangaroo Point Project	100%	36, 38, 40-44, 48 Lambert Street and 67 Cairns Street	Residential & Retail	3,291	31,014	31,014
West End Project	100%	3-9 Buchanan Street and 25 Donkin Street	Residential & Retail	16,800	145,004	145,004
Springfield Project	50%	North of Central Springfield	Residential	323,740	1,164,520	582,260

DEVELOPMENT PROPERTY	The Group's Interest (%)	Location	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted GFA held by the Group (sq.m.)
United Kingdom						
London						
Croydon Project	100%	Croydon District, South of London	Residential	22,300	113,673	113,673
Vauxhall Project	100%	Nine Elms New District	Residential, Retail, Office & Hotel	13,700	148,219	148,219
Nine Elms Square Project	50%	Nine Elms New District	Residential	41,000	212,830	106,415
Cambodia						
Phnom Penh						
Monivong Boulevard Project	100%	Chamkarmorn District	Residential	15,192	136,728	136,728
Hongsen Avenue Project	100%	Chamkarmorn District	Residential	77,243	547,588	547,588
Korea						
Incheon						
Yongzong Island Project Phase 2 (Residential Portion)	100%	Yongzong Island	Residential	36,632	146,527	146,527

HOTEL	Location	No. of Room	Approximate total GFA (sq.m.)	Approximate GFA held by the Group (sq.m.)
China				
Guangzhou				
The Ritz-Carlton, Guangzhou	Pearl River New Town J2-7	351 rooms and 91 serviced apartments	109,000	109,000
Grand Hyatt, Guangzhou	Pearl River New Town F1-2	375	115,000	115,000
Holiday Inn Guangzhou Airport Zone	R&F Jingang City	340	38,000	38,000
Park Hyatt, Guangzhou	Pearl River New Town J1-1	208	35,000	35,000
Conrad, Guangzhou#	Pearl River New Town Liede Village	309	53,000	17,500
Wanda Realm Guangzhou	Licheng Zengcheng Avenue, Zengcheng District	285	36,200	36,200
Beijing				
Renaissance Beijing Capital Hotel	Beijing R&F City	531	120,000	120,000
Holiday Inn Express Temple of Heaven Beijing	R&F Xinran Court/Plaza	316	22,000	22,000
Wanda Realm Beijing	Shijingshan Road, Shijingshan District	312	43,500	43,500
Tianjin				
Marriott Hotel, Tianjin*	Tianjin R&F City	400	56,000	56,000
Wanda Vista Tianjin	Dazhigu Bahao Road, Hedong District	297	48,300	48,300
Huizhou				
Renaissance Huizhou Hotel	R&F Ligang Center	342	54,000	54,000
Hilton Huizhou Longmen Resort	R&F Hot Spring Valley	366	58,000	58,000
Doubletree Resort by Hilton, Huizhou R&F Bay Shore*	Huizhou R&F Bay Shore	310	47,000	47,000
InterContinental Huizhou Resort	Huizhou R&F Huilin Hot Spring Village	200	52,000	52,000
Chongqing				
Hyatt Regency, Chongqing	Jiangbei District	321	46,000	46,000
Holiday Inn Chongqing University Town	Chongqing R&F City	376	56,000	56,000
Le Meridien Chongqing, Nan'an	Jiangnan Avenue, Nan'an District	319	42,900	42,900
Doubletree by Hilton Chongqing Wanzhou	Beibin Avenue, Wanzhou District	254	37,400	37,400
Chengdu				
The Ritz-Carlton, Chengdu	Panda City	353	57,000	57,000
Tianfu Square Serviced Suites Lanson Place	Yanshikou	162 serviced apartments	24,000	24,000
Hainan				
Doubletree Resort by Hilton, Haikou-Chengmai	R&F Mangrove Bay	309	45,000	45,000
Hainan Xiangshui Bay Atour Hotel	R&F Bay Shore	142	10,000	10,000
Marriott Resort & Spa Hainan Xiangshui Bay*	R&F Bay Shore	447	76,000	76,000
Hainan R&F Bay Shore Hotel 1*	R&F Bay Shore	125	10,000	10,000
Hainan R&F Bay Shore Hotel 2*	R&F Bay Shore	300	59,000	59,000

HOTEL	Location	No. of Room	Approximate total GFA (sq.m.)	Approximate GFA held by the Group (sq.m.)
Xi'an				
Hilton Xi'an	Dongxin Street, Xincheng District	311	43,400	43,400
Harbin				
The Ritz-Carlton, Harbin*	R&F Jiangwan New Town	370	59,000	59,000
Wanda Realm Harbin	Zhongxing Avenue, Nangang District	345	47,900	47,900
Taiyuan				
Pullman Taiyuan R&F Hotel	Taiyuan R&F City	280	43,000	43,000
Wanda Vista Taiyuan	Jiefang Road	358	52,400	52,400
Shanghai				
Hyatt Place, Shanghai#*	Jiayu Wan	150	18,000	18,000
The Ritz-Carlton, Shanghai*	Shanghai R&F Hongqiao No. 10	298	41,000	41,000
AC Hotels, Shanghai*	Shanghai R&F Hongqiao No. 10	245	16,000	16,000
Nanning				
Wanda Realm Resort Nanning	Liangdi Road, Yongning District	224	45,200	45,200
Wanda Vista Nanning	Dongge Road	332	49,300	49,300
Shangrao				
Wanda Realm Shangrao	Guangxin Avenue, Xinzhou District	313	36,000	36,000
Yiwu				
Wanda Realm Yiwu	Xinke Road	288	31,600	31,600
Urumqi				
Wanda Vista Urumqi	Xuanwuhu Road, Economic and Technological Development District	271	47,500	47,500
Bozhou				
Wanda Realm Bozhou	Xiyi Avenue, Qiaocheng District	262	32,300	32,300
Xining				
Wanda Realm Xining	Xichuan South Road, Chengxi District	310	42,900	42,900
Siping				
Wanda Realm Siping	Ziqi Avenue, Tiedong District	261	33,000	33,000
Zhengzhou				
Wanda Vista Zhengzhou	Nongke Road, Jinshui District	292	47,600	47,600
Hohhot				
Wanda Vista Hohhot	Xinhua East Street, Saihan District	315	42,900	42,900
Liuzhou				
Wanda Realm Liuzhou	Donghuan Avenue, Chengzhong District	285	37,600	37,600

HOTEL	Location	No. of Room	Approximate total GFA (sq.m.)	Approximate GFA held by the Group (sq.m.)
Fuyang				
Wanda Realm Fuyang	Yingzhou South Road, Yingzhou District	286	36,400	36,400
Tai'an				
Wanda Realm Tai'an	Taishan Street	283	34,900	34,900
Dongying				
Wanda Realm Dongying	Beiyi Road, Dongying District	285	37,900	37,900
Anyang				
Wanda Realm Anyang	Zhonghua Road, Wenfeng District	287	33,800	33,800
Huangshi				
Wanda Realm Huangshi	Huahu Avenue, Huangshigang District	263	26,500	26,500
Neijiang				
Wanda Realm Neijiang	Qixia Road, Dongxing District	263	26,500	26,500
Guangyuan				
Wanda Realm Guangyuan	Wanyuan Road, Wanyuan New District, Lizhou District	279	34,300	34,300
Bengbu				
Wanda Realm Bengbu	Donghai Avenue, Bengshan District	285	32,100	32,100
Wuhu				
Wanda Realm Wuhu	Beijing Middle Road, Jinghu District	281	36,700	36,700
Jiangmen				
Wanda Realm Jiangmen	Fazhan Avenue, Pengjiang District	327	41,400	41,400
Longyan				
Wanda Realm Longyan	Shuanglong Road, Xinluo District	306	34,900	34,900
Kunming				
Wanda Vista Kunming(1)	Qianxing Road, Xishan District	297	44,700	44,700
Lanzhou				
Wanda Vista Lanzhou	Tianshui North Road, Chengguan District	304	41,000	41,000
Jingzhou				
Wanda Realm Jingzhou	Beijing West Road, Jingzhou District	284	37,000	37,000
Ma'anshan				
Wanda Realm Ma'anshan	Taibai Avenue, Yushan District	286	36,100	36,100

HOTEL	Location	No. of Room	Approximate total GFA (sq.m.)	Approximate GFA held by the Group (sq.m.)
Dongguan				
Wanda Vista Dongguan	Dongzong Avenue, Dongcheng District	303	44,100	44,100
Changzhou				
Wanda Realm Changzhou	Huayuan Street, Wujin District	263	29,400	29,400
Jinhua				
Wanda Realm Jinhua	Dongshi South Road, Jindong District	331	42,800	42,800
Jining				
Wanda Realm Jining	Taibai East Road	280	36,500	36,500
Chifeng				
Wanda Realm Chifeng	Xilamulun Street, Hongshan District	350	47,400	47,400
Ningbo				
Sofitel Ningbo	Siming Middle Road, Yinzhou District	291	40,700	40,700
Qingdao				
Le Meridien Qingdao	Yanji Road, Shibei District	349	51,100	51,100
Wuxi				
Sheraton Wuxi Binhu Hotel	Liangxi Road, Binhu District	350	46,700	46,700
Xiangyang				
Crowne Plaza Xiangyang	Changhong North Road	303	43,300	43,300
Yichang				
Crowne Plaza Yichang	Yanjiang Avenue, Wujiagang District	276	39,100	39,100
Fuzhou				
The Westin Fuzhou Minjiang	Jiangbin Middle Avenue, Taijiang District	305	49,300	49,300
Hefei				
The Westin Hefei Baohe	Ma'anshan Road, Baohe District	310	48,500	48,500
Wuhan				
The Westin Wuhan Wuchang	Linjiang Avenue, Wuchang District	305	50,400	50,400
Wanda Realm Wuhan	Donghu Road, Wuchang District	409	47,200	47,200
Zhenjiang				
Sheraton Zhenjiang Hotel	Beifu Road, Runzhou District	289	43,300	43,300
Shijiazhuang				
InterContinental Shijiazhuang	Huai'an East Road, Yuhua District	293	43,800	43,800

HOTEL	Location	No. of Room	Approximate total GFA (sq.m.)	Approximate GFA held by the Group (sq.m.)
Jinan				
Hyatt Regency Jinan	Jingsi Road, Shizhong District	343	53,000	53,000
Langfang				
Wanda Realm Langfang	Xinhua Road, Guangyang District	295	41,900	41,900
Daqing				
Sheraton Daqing Hotel	Jing'er Street, Dongfeng New Village, Sartu District	290	43,000	43,000
Taizhou				
Wanda Realm Taizhou	Jichuan East Road, Hailing District	253	38,700	38,700
Changzhou				
Sheraton Changzhou Xinbei Hotel	Tongjiang Middle Road, Xinbei District,	247	33,300	33,300
Tangshan				
InterContinental Tangshan	Wenhua Road, Lunnan District	285	47,500	47,500
Dalian				
Conrad Dalian	Gangpu Road, Zhongshan District	210	32,800	32,800
Hilton Dalian	Gangpu Road, Zhongshan District	370	66,300	66,300
Ningde				
Wanda Realm Ningde	Tianhu East Road, Jiaocheng District	289	40,800	40,800
Quanzhou				
Wanda Vista Quanzhou	Baozhou Road, Fengze District	322	47,800	47,800
Changsha				
Wanda Vista Changsha	Xiangjiang Middle Road, Kaifu District	424	65,800	65,800
Huai'an				
Wanda Realm Huai'an	Xiangyu Middle Road, Qinghe District	230	44,600	44,600
Yixing				
Le Meridien Yixing	Yangxian East Road	270	42,600	42,600
Shenyang				
Wanda Vista Shenyang	Yingpan West Street, Dongling District	300	51,700	51,700
Fushun				
Wanda Realm Fushun	Hunhe South Road, Xinfu District	280	39,500	39,500

HOTEL	Location	No. of Room	Approximate total GFA (sq.m.)	Approximate GFA held by the Group (sq.m.)
Nanchang				
Wanda Realm Nanchang	Fenghuang Middle Avenue, Honggutan New District	297	41,800	41,800
Yinchuan				
Wanda Realm Yinchuan	Qinshui North Street, Jinfeng District	312	46,300	46,300
Dandong				
Wanda Realm Dandong	Jinshan Street, Zhenxing District	302	48,500	48,500
Nanjing				
Wanda Realm Nanjing	Zhushan Road, Jiangning District	302	41,600	41,600
Weifang				
Pullman Weifang Wanda	Fushou East Street	271	36,800	36,800

* *Completed, operating and pre-opening*
\# *Joint Venture Project*
(1) *In January 2018, the Group officially completed the delivery of Kunming Wanda Vista Hotel property rights*

INVESTMENT PROPERTY	Location	Description	Approximate total GFA (sq.m.)	GFA held by the Group (sq.m.)
Guangzhou				
R&F Center	Pearl River New Town J1-4	Office building	163,000	163,000
R&F Haizhu City	R&F Tianyu Center	Shopping mall	55,000	55,000
Guangzhou International Airport R&F Integrated Logistics Park*	Guangzhou R&F Jingang City	Logistics park	1,200,000	1,200,000
R&F Merchandise City (Huadu Shiling Project)*#	Shiling Avenue, Huadu District	Retail	569,000	455,200
International Grand City#	Pearl River New Town Liede Village	Shopping mall	96,000	32,000
Guangzhou Huangpu District Industry Park Project*	Huangpu District Lianshun Steel	Industry park	427,000	427,000
Shiling (International) Leather and Leather Products Center#	No. 99 West Shiling Avenue, Huadu District	Retail	107,000	85,600
R&F Cambridge Terrace Shopping Mall	Dongguan Zhuang Road, Tianhe District	Retail	43,000	43,000
R&F West Garden Shopping Mall	Huanshi Xi Road, Liwan District	Retail	4,000	4,000
R&F King's Court (Commercial)	Xiaomei Street, Liwan District	Office building	9,000	9,000
R&F Children World	Zhongshan Eighth Road, Liwan District	Retail	16,000	16,000
R&F Modern Plaza — Jiaxin Commercial Center	Gexin Road, Haizhu District	Retail	29,000	29,000
Foshan				
Foshan R&F International Finance Corporate#	No. 28 Haiwu Road, Guicheng, Nanhai District	Office building	57,000	42,800
Beijing				
R&F Center	Beijing R&F City	Office building	60,000	60,000
Viva Beijing R&F Plaza	Beijing R&F City	Shopping mall	111,000	111,000
Tianjin				
R&F Plaza	Tianjin R&F City	Shopping mall	43,000	43,000
Chongqing				
R&F Ocean Plaza (Retail)*	R&F Ocean Plaza	Shopping mall	73,000	73,000
Chengdu				
R&F Plaza (Former R&F Tianhui Mall)	Panda City	Shopping mall	255,000	255,000
Hainan				
R&F Ocean Paradise (Ocean Park Project)*	Lingshui County	Theme park (including hotel and retail)	613,000	613,000
Dalian				
Dalian Wanda Commercial Center	No. 1 Gangpu Road, Zhongshan District	Office building	93,800	93,800
Harbin				
Harbin R&F Jiangwan New Town Commercial*	R&F Jiangwan New Town	Shopping mall	109,000	109,000
Korea Incheon				
Korea Incheon Yongzong Island Project (Commercial Portion)*	Yongzong Island	Commercial complex	159,000	79,500

* *Under development or planning*
\# *Joint Venture Project*

Executive Directors	Li Sze Lim Zhang Li Zhou Yaonan Lu Jing
Non-executive Directors	Zhang Lin Li Helen
Independent Non-executive Directors	Lai Ming Joseph (retired with effect from the conclusion of the annual general meeting on 19 May 2017) Zheng Ercheng Ng Yau Wah Daniel Wong Chun Bong (appointed with effect from the conclusion of the annual general meeting on 19 May 2017)
Supervisors	Chen Liangnuan Liang Yingmei Zhao Xianglin
Authorized Representatives	Li Sze Lim Lee Michael
Joint Company Secretaries	Lee Michael Cheung Sze Yin
Registered Office in the PRC	45-54/F., R&F Center, No. 10 Huaxia Road, Pearl River New Town, Guangzhou 510623 PRC
Principal Place of Business in the PRC	45-54/F., R&F Center, No. 10 Huaxia Road, Pearl River New Town, Guangzhou 510623 PRC
Principal Place of Business in Hong Kong	Room 1103, Yue Xiu Building, 160-174 Lockhart Road, Wanchai, Hong Kong
Auditor	PricewaterhouseCoopers 22/F., Prince's Building, Central, Hong Kong
Legal Advisor as to Hong Kong Law	Sidley Austin 39/F., Two International Finance Centre, 8 Finance Street, Central, Hong Kong
Hong Kong H Share Registrar	Computershare Hong Kong Investor Services Limited 17M/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Website	www.rfchina.com

SHAREHOLDERS' INFORMATION

SHAREHOLDERS' CALENDAR

Interim results announcement	22 August 2017
Interim dividend paid	13 October 2017
Final results announcement	19 March 2018
Closure of register of members (for the entitlement of attending the annual general meeting)	30 April to 30 May 2018 (both days inclusive)
Annual general meeting	30 May 2018
Closure of register of members (for the entitlement of dividend)	5 June to 11 June 2018 (both days inclusive)

LISTING INFORMATION

The Company's H shares were listed on The Stock Exchange of Hong Kong Limited on 14 July 2005.

Stock Code

Hong Kong Stock Exchange	2777
Reuters	2777.HK
Bloomberg	2777HK

Board Lot Size 400 shares

Share Information

	Stock Price*	
Year	**High** HK$	**Low** HK$
2005 (from 14 July to 31 Dec)	6.9375	2.7
2006	17.14	6.675
2007	45.6	12.8
2008	28.3	2.3
2009	18.98	5.31
2010	14.14	8.55
2011	12.54	5.48
2012	13.40	5.80
2013	16.28	9.89
2014	11.92	7.65
2015	10.9	6.35
2016	13.98	7.58
2017	21.65	9.20

* 28 September 2006 — 4-for-1 share sub-division adjusted

廣州富力地產股份有限公司
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* for identification purpose only