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Ronshine China Holdings Limited

融信中國控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3301)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

2017 FINANCIAL HIGHLIGHTS

- Contracted sales amounted to approximately RMB50,234.84 million, representing an increase of approximately 103.88% as compared with the previous year.
- Revenue amounted to approximately RMB30,341.40 million, representing an increase of approximately 166.82% as compared with the previous year.
- Gross profit amounted to approximately RMB5,024.85 million, representing an increase of approximately 118.30% as compared with the previous year.
- Profit for the year amounted to approximately RMB2,646.25 million, representing an increase of approximately 55.40% as compared with the previous year.
- Earnings per share for profit attributable to owners of the Company amounted to approximately RMB1.22, representing an increase of approximately 27.08% as compared with the previous year.

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Ronshine China Holdings Limited (the “**Company**” or “**Ronshine**”) is pleased to announce the consolidated annual results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2017 with comparative figures for the year ended 31 December 2016, as follows:

CONSOLIDATED INCOME STATEMENT

		Year ended 31 December	
	Note	2017	2016
		RMB'000	RMB'000
Revenue	3	30,341,404	11,371,663
Cost of sales		(25,316,550)	(9,069,848)
Gross profit		5,024,854	2,301,815
Selling and marketing costs		(818,513)	(473,370)
Administrative expenses		(876,349)	(477,911)
Fair value gains on investment properties		1,108,095	361,026
Fair value gains on the remeasurement of joint ventures		—	278,074
Other income and other gains - net		45,521	11,666
Operating profit		4,483,608	2,001,300
Finance income	4	247,660	131,546
Finance cost	4	(24,629)	(6,183)
Finance income - net	4	223,031	125,363
Share of net profit of associates and joint ventures accounted for using the equity method		283,100	443,105
Profit before income tax		4,989,739	2,569,768
Income tax expense	5	(2,343,491)	(866,900)
Profit for the year		2,646,248	1,702,868
Profit for the year is attributable to:			
— Owners of the Company		1,679,521	1,292,339
— Non-controlling interests		734,442	308,510
— Holders of Perpetual Capital Instruments		232,285	102,019
		2,646,248	1,702,868
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)			
— Basic earnings per share	6	1.22	0.96
— Diluted earnings per share	6	1.22	0.96

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2017	2016
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year	2,646,248	1,702,868
Other comprehensive income	—	—
	<hr/>	<hr/>
Total comprehensive income for the year	2,646,248	1,702,868
	<hr/>	<hr/>
Total comprehensive income for the year is attributable to:		
— Owners of the Company	1,679,521	1,292,339
— Non-controlling interests	734,442	308,510
— Holders of Perpetual Capital Instruments	232,285	102,019
	<hr/>	<hr/>
	2,646,248	1,702,868
	<hr/>	<hr/>

CONSOLIDATED BALANCE SHEET

		As at 31 December	
	Note	2017	2016
		RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		1,518,138	1,321,057
Land use rights		464,407	479,518
Investment properties		10,465,400	4,058,000
Intangible assets		8,485	4,876
Investments accounted for using the equity method		6,743,913	2,695,532
Available-for-sale financial assets		42,000	33,724
Prepayments		92,729	—
Term deposits		—	640,000
Deferred tax assets		512,609	258,949
Total non-current assets		19,847,681	9,491,656
Current assets			
Properties under development		90,900,267	31,614,716
Completed properties held for sale		9,477,128	7,572,767
Amounts due from customers for contract works		140,745	1,249,435
Trade and other receivables and prepayments	7	23,720,226	32,103,325
Amounts due from related parties		3,971,790	229,101
Prepaid taxation		1,604,331	512,156
Available-for-sale financial assets		16,959	24,000
Restricted cash		1,933,517	907,034
Term deposits		111,000	3,677,169
Cash and cash equivalents		18,472,631	11,525,557
Total current assets		150,348,594	89,415,260
Total assets		170,196,275	98,906,916
EQUITY			
Share capital		13	12
Share premium		3,506,038	2,485,669
Other reserves		6,718,226	4,984,837
Capital and reserves attributable to owners of the Company		10,224,277	7,470,518
Non-controlling interests		17,794,795	12,386,271
Perpetual Capital Instruments		2,741,981	3,232,533
Total equity		30,761,053	23,089,322

		As at 31 December	
	<i>Note</i>	2017	2016
		RMB'000	RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings		47,609,990	31,683,744
Deferred tax liabilities		3,041,401	1,479,533
Total non-current liabilities		50,651,391	33,163,277
Current liabilities			
Borrowings		21,843,620	7,733,520
Trade and other payables	8	21,594,588	10,947,247
Amounts due to related parties		1,354,824	1,474,137
Pre-sale proceeds received from customers		41,244,149	20,968,395
Current tax liabilities		2,746,650	1,531,018
Total current liabilities		88,783,831	42,654,317
Total liabilities		139,435,222	75,817,594
Total equity and liabilities		170,196,275	98,906,916

1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) and disclosure requirements of the Hong Kong Companies Ordinance (“HKCO”) Cap. 622.

The consolidated financial statements have been prepared on a historical cost basis, except for available-for-sale financial assets and investment properties which are measured at fair value.

(a) Amended standards adopted by the Group

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2017. The adoption of these new amendments to standards does not have any significant impact to the results and financial position of the Group.

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	Disclosure of Interest in Other Entities

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

HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers ¹
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions ¹
Amendments to HKFRS 1:	Annual Improvements to HKFRS Standards 2014-2016 Cycle ¹
First Time Adoption of HKFRS	
Amendments to HKAS 28:	Investments in Associates and Joint Ventures
Amendments to HKAS 40	Transfers of Investment Property ¹
HK (IFRIC) 22	Foreign Currency Transactions and Advance Consideration ¹
Amendments to HKFRS 4	Applying HKFRS 9 <i>Financial Instruments</i> with HKFRS 4 <i>Insurance Contracts</i> ²
HKFRS 16	Leases ³
HK (IFRIC) 23	Uncertainty over Income Tax Treatments ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture ⁴

1 Effective for annual periods beginning on or after 1 January 2018.

2 Effective for annual periods beginning on or after 1 January 2018 or when the entity first applies HKFRS 9.

3 Effective for annual periods beginning on or after 1 January 2019.

4 Effective date to be determined.

2 Segment information

The executive directors have been identified as the chief operating decision-maker. Management has determined the operating segments based on the reports reviewed by the executive directors, which are used to allocate resources and assess performance.

The Group is principally engaged in the property development in the People’s Republic of China (the “PRC”). Management reviews the operating results of the business as one segment to make decisions about resources to be allocated. Therefore, the executive directors regard that there is only one segment which is used to make strategic decisions. Revenue and profit after income tax are the measures reported to the executive directors for the purpose of resources allocation and performance assessment.

The major operating entities of the Group are domiciled in the PRC. All of the Group’s revenue are derived in the PRC for the year ended 31 December 2017 (2016: same).

As at 31 December 2017, all of non-current assets of the Group were located in the PRC (2016: same).

There was no revenue derived from a single external customer accounting for 10% or more of the Group’s revenue for the year ended 31 December 2017 (2016: same).

3 Revenue

Revenue of the Group for the year ended 31 December 2017 was as follow:

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Revenue from sales of properties	29,588,530	11,113,869
Revenue from construction contracts	559,570	178,290
Rental income and others	193,304	79,504
	<u>30,341,404</u>	<u>11,371,663</u>

4 Finance income – net

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Finance income		
— Interest income from bank deposits	85,365	60,210
— Net foreign exchange gains	162,295	71,336
	<u>247,660</u>	<u>131,546</u>
Finance costs		
— Interest expenses of borrowings	(4,018,484)	(2,245,043)
— Less: capitalised interest	3,993,855	2,238,860
	<u>(24,629)</u>	<u>(6,183)</u>
Finance income – net	<u>223,031</u>	<u>125,363</u>

5 Income tax expense

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Current income tax:		
PRC corporate income tax (“CIT”)	1,140,187	418,185
PRC land appreciation tax (“LAT”)	1,258,057	417,522
	<u>2,398,244</u>	<u>835,707</u>
Deferred income tax	(54,753)	31,193
Income tax expense	<u>2,343,491</u>	<u>866,900</u>

PRC corporate income tax

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the years ended 31 December 2016 and 2017, based on the existing legislation, interpretations and practices in respect thereof.

The corporate income tax rate applicable to the Group entities located in Mainland China is 25% according to the Corporate Income Tax Law of the PRC (the “CIT Law”) effective on 1 January 2008.

PRC LAT

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT effective on 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective on 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has made provision of LAT for sales of properties according to the aforementioned progressive rates.

PRC dividend withholding income tax

Pursuant to the Detailed Implementation Regulations for implementation of the CIT Law issued on 6 December 2007, dividends distributed from the profits generated by the PRC companies after 1 January 2008 to their foreign investors shall be subject to this withholding income tax of 10%, a lower 5% withholding income tax rate may be applied when the immediate holding companies of the PRC subsidiaries are incorporated in Hong Kong and fulfil the requirements to the tax treaty arrangements between the PRC and Hong Kong. The Group has not accrued any withholding income tax for these undistributed earnings of its PRC subsidiaries as the Group does not have a plan to distribute these earnings from its PRC subsidiaries.

Hong Kong profits tax

The applicable Hong Kong profits tax rate was 16.5% for the year ended 31 December 2017 (2016: 16.5%). Hong Kong profits tax was not been provided as the Group did not have any assessable profit subject to Hong Kong profits tax for the year ended 31 December 2017 (2016: nil).

Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and, is exempted from Cayman Islands income tax. The Company’s direct subsidiary in the British Virgin Islands (the “BVI”) was incorporated under the Business Companies Act of the British Virgin Islands and is exempted from British Virgin Islands income tax.

6 Earnings per share

(a) Basic earnings per share

Basic 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 financial year.

	Year ended 31 December	
	2017	2016
Profit attributable to owners of the Company (RMB'000)	1,679,521	1,292,339
Weighted average number of shares in issue	1,373,813,000	1,341,078,000
Basic earnings per share (RMB per share)	1.22	0.96

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares consist of share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options.

	Year ended 31 December	
	2017	2016
Profit attributable to owners of the Company (RMB'000)	<u>1,679,521</u>	<u>1,292,339</u>
Weighted average number of ordinary shares in issue	1,373,813,000	1,341,078,000
Adjustments — share options and awarded shares	<u>2,725,000</u>	<u>—</u>
Weighted average number of ordinary shares for diluted earnings per share	<u>1,376,538,000</u>	<u>1,341,078,000</u>
Diluted earnings per share (RMB per share)	<u><u>1.22</u></u>	<u><u>0.96</u></u>

7 Trade and other receivables and prepayments

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
Trade receivables (Note (a))	316,456	109,051
Notes receivable	2,300	1,305
Other receivables	7,424,739	2,314,235
Prepayments	<u>16,069,460</u>	<u>29,678,734</u>
	<u>23,812,955</u>	<u>32,103,325</u>
Less: non-current portion of prepayments	<u>(92,729)</u>	<u>—</u>
Current portion of trade and other receivables and prepayments	<u><u>23,720,226</u></u>	<u><u>32,103,325</u></u>

(a) Ageing analysis of the trade receivables based on invoice date is as follows:

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
Within one year	307,735	82,856
Over one year	<u>8,721</u>	<u>26,195</u>
	<u><u>316,456</u></u>	<u><u>109,051</u></u>

8. Trade and other payables

	As at 31 December	
	2017	2016
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables (Note (a))	7,007,075	3,661,156
Notes payable	592,778	323,891
Other payables	13,994,735	6,962,200
	<u>21,594,588</u>	<u>10,947,247</u>

(a) Ageing analysis of the trade payables is as follows:

	As at 31 December	
	2017	2016
	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	5,017,284	1,765,614
Over one year	1,989,791	1,895,542
	<u>7,007,075</u>	<u>3,661,156</u>

9 Dividend

The Directors of the Company did not recommend the payment of any dividend for the year ended 31 December 2017 (2016: same).

CHAIRMAN'S STATEMENT

Dear Shareholders,

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

Market Review

In 2017, with the global economy starting to experience a turnaround, the basic economic conditions in the People's Republic of China (the “**PRC**” or “**China**”) continued to improve and has maintained the momentum of “stable and sound development (穩中向好)”. After decades of high-speed economic growth, China's economy is now shifting from a speed and scale mode to a quality and efficiency one. With the continuous penetration of supply-side structural reform and the constant optimization of the economic structure, a stable and favorable economic situation has come. Despite the preliminary recovery in the foreign economic situation and the acceleration of normalization of monetary policies in developed economies, a sudden tightening of global financial conditions may be triggered, thus slowing down the pace of this economic recovery.

Along with persistent strong demand in the property market as before, there appeared to be movement in two directions as a result of the government's policy “Regulating by classification and implementing policies by city (分類調控，因城施策)”. Under the “safeguarding against risk (防風險)” measures, including restrictions on purchase, loans, prices and sales, the investment fervor in first-tier and second-tier cities such as Beijing, Shanghai, Guangzhou and Shenzhen was effectively regulated. The “improved houses (改善房)” and “re-improved houses (再改善房)” in prime locations are highly sought-after due to the considerable demand for better housing. Meanwhile, there was steady growth in the market for reasonably priced housing. Influenced by the spillover effects radiating from the property markets in the first and second-tier core cities, together with incentive policies including the payment of monetary compensation for the resumption of rundown urban buildings, the reduction in the down payment for property and the granting of subsidies for house purchases, there was a significant “de-stocking (去庫存)” effect in the third and fourth-tier cities, and inventories dropped to a cyclic low level. The speedy growth of China's property market has shifted to a high-quality upgrading process, bringing unprecedented opportunities for development for quality real estate developers like the Group.

Business Review

The year of 2017 marked the implementation of the national expansion strategy by Ronshine. The Group expanded its business presence from “Western Taiwan Straits Economic Zone (海西經濟區)” covering cities including Fuzhou, Xiamen and Zhangzhou; and “Yangtze River Delta Economic Region (長三角經濟區)” covering cities including Shanghai, Hangzhou and Nanjing, to five additional core metropolitan areas, namely “Guangdong-Hong Kong-Macau Greater Bay Area (粵港澳大灣區)”, “Beijing-Tianjin-Hebei (京津冀)”, “Central China (中部)”, “Chengdu-Chongqing (成渝)” and “Western cities (西部城市)”, laying a solid foundation in the first and second-tier cities of these core metropolitan areas. Ronshine created the “1+N” strategy in which the Company proactively expanded from the cities with existing business presence to surrounding satellite cities with obvious spillover demand, net inflows of population and emerging industries, meanwhile cultivating the mid-to-high-end real estate market and focusing on creating benchmark innovative city projects of high quality.

In 2017, for the purpose of seizing the development opportunities in quality upgrading of the industry and bringing the Group's brand reputation and market position into full play, the Group carried out a strategic cooperation with Hailiang Real Estate Holdings Group Co., Ltd* (the **"Hailiang Real Estate"**) of which 35 Hailiang Real Estate projects located in 17 cities across the central and western regions of the PRC, especially the provincial capitals and their surrounding areas, were acquired representing land reserves of over 5 million square meters, and marched into the core potential cities like Suzhou, Hefei, Zhengzhou, Xi'an, Lanzhou and Yinchuan that complemented the Group's original first and second-tier core cities, accelerating the accomplishment of the Group's nationwide rollout. Currently the Group has marched into 33 cities in China, ranking 26th among the list of the "2017 Best 50 of China Real Estate Developers (2017 中國房地產開發企業 50 強)" jointly published by the China Real Estate Industry Association, the Shanghai E-House Real Estate Research Institute and the China Real Estate Evaluation Centre.

During the year of 2017, the Group's contracted sales reached RMB50,234.84 million, representing a substantial increase of 103.9% as compared with the same period of last year, significantly surpassing the contracted sales target of RMB32.5 billion set at the beginning of the year of 2017. The compound growth rate from 2014 to 2017 reached 77.7%; contracted sales area achieved another record, reaching approximately 2,386,900 square meters, representing an increase of approximately 70.0% as compared with the same period of last year. The Group recorded revenue of approximately RMB30.34 billion, representing a significant increase of 166.82% as compared with the same period of last year. As the constant growth of sales and revenue relied heavily on the support of premium land reserves, in 2017, Ronshine newly acquired 78 land parcels with a total gross floor area of 14,815,319 square meters through tender-auction-listing processes, mergers and acquisitions and other asset-light modes. During the year of 2017, the Group ranked 17th among the "TOP 100 Real Estate Companies in China by Add Value January-December 2017 (《2017 年 1-12 月中國房地產企業新增貨值 TOP100》)" and 16th among "Top 100 Real Estate Companies in China by Add GFA of Lands January-December 2017 (《2017 年 1-12 月中國房地產企業新增土地建面 Top100》)" according to CRIC, laying a good foundation for Ronshine's future business development and sales growth.

While strengthening scale development, Ronshine continued to facilitate the diversification of its financing channels and improve its financial structure so as to be well positioned for sound and sustainable development. In February 2017, the Group completed the issuance of US\$400 million senior notes with three year maturity at an interest rate of 6.95% per annum. In October 2017, the Group secured financing of HK\$1.2 billion through equity placing; from January to February 2018, the Group successfully completed the issuance of US\$425 million senior notes with three year maturity at an interest rate of 8.25% per annum.

In 2017, the excellent performance of Ronshine in industry rankings, corporate governance, business modes, market power and capital markets were witnessed by people from all walks of life. Ronshine was successively incorporated into MSCI's "Global Small Cap Index - China Index Constituent Stocks (環球小型股指數 - 中國指數成份股)" and "Hang Seng Composite Small Cap Index Constituent Stocks (恒生綜合小型股指數成份股)", becoming part of the first batch of Shenzhen-Hong Kong Stock Connect Stocks to be recognised by both international and Hong Kong investment markets. Ronshine also won a number of awards from authoritative institutions including "2017 Most Valuable Real Estate Company of Golden Hong Kong Stocks (2017 年金港最值房地產股公司)" and "2017 China Real Estate Annual Influential Listed Company (2017 年中國地產年度影響力上市企業)", and continued to attract attention in the capital area.

Adhering to the philosophy of “taking from society and giving back to society (取之社會、回報社會)”, the “Ronshine Public Welfare Foundation (融信公益基金會)” was established. Ronshine donated more than RMB200 million in support of public welfare undertakings such as disaster relief, charity union, urban operations and caring for students, and has joined hands with China Youth Development Foundation, Beijing AngelMom Charity Foundation and People’s Daily to organize various charity activities. In addition, last year, Ronshine founded “Ronshine Sinology (融信國學堂)” with the concept of “Quality Life (品質生活)”, which promoted and continued traditional Chinese culture by leveraging its corporate resources. In the future, Ronshine will bring its own resources and advantages into full play to establish a more effective platform and further practise its social responsibilities.

Future Prospects

Looking forward into 2018, China’s economy featured with “Development decelerating while quality improving (減速增質)” will come to fruition, the economic premium from supply-side reform continues to be realized along with the sustained improvement of economic development structure. The real estate market is expected to achieve a major breakthrough under the differential regulation and control measures of “Regulating by classification and implementing policies by city (分類調控，因城因地)”, introducing an era of high-quality development.

Riding the tide of the opportunities of China’s economy and real estate industry, Ronshine kept its faith shining and continued to step up efforts to establish an “ensuring housing (住有所居)” social housing system. Meanwhile, with the implementation of differentiated control policies, the Group grasped the opportunities for conducting the “Nationwide Expansion, Close Cooperation, Product Innovation, Balanced Development (拓展全國、緊密合作、創新產品、平衡發展)” as the four core development strategies. For “Nationwide Expansion (拓展全國)”, the Group continues to implement the national strategic layout in order to expand our business territory and deep plowed seven core metropolitan areas, namely “Western Taiwan Straits Economic Zone (深耕海西經濟區)”, “Yangtze River Delta Economic Region (長三角經濟區)”, “Guangdong-Hong Kong-Macau Greater Bay Area (粵港澳大灣區)”, “Beijing-Tianjin-Hebei (京津冀)”, “Central China (中部)”, “Chengdu-Chongqing (成渝)” and “western cities (西部城市)”, building high-end boutique residential houses available for upgrading matching with the land parcels. For “Close Cooperation (緊密合作)”, the Group proactively seeks partners to create synergies and continues to work hand in hand with Wanke, Greenland, Poly, Sunac and other key partners to achieve different possibilities for cooperation in asset-light modes. For “Product Innovation (創新產品)”, the Group made success with quality and valued the urban cultural texture with influence on the cities, respectfully presenting the works on the city of landmark grade. For “Balanced Development (平衡發展)”, the Group adopts the prudent approach of “lowering leverage, reducing debts, enhancing risk resistance, adjusting funds (降槓桿、減負債、增抗險、調資金)” and took flexible use of diversified financing channels so as to reduce the cost of financing. Looking ahead, Ronshine will continue to make good use of its brand reputation, national strategic layout and broadened financing channels to move ahead at full throttle towards a property developer leader with quality of “100 billion level (千億級)”, aiming to achieve a contracted sales target of RMB120 billion in 2018.

Acknowledgements

On behalf of the Board, I hereby express my sincere gratitude to the shareholders of the Company (the “**Shareholders**”), customers and partners for their long-term support, and my heartfelt thanks go to the Directors, the management team and all employees for their hard work and contributions in the past year. In 2018, Ronshine will continue to uphold the management tenet of “building with sincerity and building with love (融鑄誠信、造有情房)” to build houses with sincerity and succeed in their quality, and set foot on the expressway of sustainable development, earning greater value for the Shareholders.

Ou Zonghong
Chairman

Hong Kong, 23 March 2018

MANAGEMENT DISCUSSION AND ANALYSIS

Summary of operating results

	For the year ended 31 December		Change in percentage
	2017	2016	
Contracted sales			
Contracted sales amount (<i>RMB'000</i>)	50,234,839	24,639,328	103.88%
Contracted gross floor area (<i>sq.m.</i>)	2,386,900	1,403,859	70.02%
Average unit price of contracted sales (<i>RMB/sq.m.</i>)	21,046	17,551	19.91%
Property delivered			
Revenue from delivery of properties (<i>RMB'000</i>)	29,588,530	11,113,869	166.23%
Delivered gross floor area (<i>sq.m.</i>)	2,462,983	772,633	218.78%
Recognised average selling price of properties delivered (<i>RMB/sq.m.</i>)	12,013	14,384	-16.48%
Revenue (<i>RMB'000</i>)	30,341,404	11,371,663	166.82%
Cost of Sales (<i>RMB'000</i>)	(25,316,550)	(9,069,848)	179.13%
Gross profit (<i>RMB'000</i>)	5,024,854	2,301,815	118.30%
Other income and other gain — net (<i>RMB'000</i>)	45,521	11,666	290.20%
Profit before income tax (<i>RMB'000</i>)	4,989,739	2,569,768	94.17%
Profit for the year (<i>RMB'000</i>)	2,646,248	1,702,868	55.40%
— attributable to owners of the Company (<i>RMB'000</i>)	1,679,521	1,292,339	29.96%
— attributable to non-controlling interests (<i>RMB'000</i>)	734,442	308,510	138.06%
— attributable to holders of Perpetual Capital Instruments (<i>RMB'000</i>)	232,285	102,019	127.69%
Gross profit margin ⁽¹⁾	16.56%	20.24%	-3.68%
Net profit margin ⁽²⁾	8.72%	14.97%	-6.25%
Interest coverage ratio ⁽³⁾	2.32 times	2.22 times	4.5%
	As at 31 December		Change in
	2017	2016	percentage
Total assets (<i>RMB'000</i>)	170,196,275	98,906,916	72.08%
Total liabilities (<i>RMB'000</i>)	139,435,222	75,817,594	83.91%
Total equity (<i>RMB'000</i>)	30,761,053	23,089,322	33.23%
Capital and reserve attributable to owners of the Company (<i>RMB'000</i>)	10,224,277	7,470,518	36.86%
Current ratio ⁽⁴⁾	1.69 times	2.10 times	-19.52%

Notes:

- (1) The calculation of gross profit margin is based on gross profit divided by revenue and multiplied by 100%.
- (2) The calculation of net profit margin is based on net profit divided by revenue and multiplied by 100%.
- (3) The calculation of interest coverage ratio is based on (i) profit before income tax plus interest of borrowings less finance income and divided by (ii) interest of borrowings less finance income.
- (4) The calculation of current ratio is based on current assets divided by current liabilities.

Property Development

Contracted Sales

For the year ended 31 December 2017, the Group achieved contracted sales of RMB50,234.84 million, representing a growth of approximately 103.88% compared with RMB24,639.33 million for the year ended 31 December 2016. This increase was mainly attributable to the increase in the total gross floor area (“GFA”) of the Group’s contracted sales by approximately 70.02% from 1,403,859 sq.m. for the year ended 31 December 2016 to 2,386,900 sq.m. for the year ended 31 December 2017.

The amount of the Group’s contracted sales in Hangzhou, Fuzhou, Shanghai, Fuyang, Xiamen, Zhangzhou, Xi’an, Zhengzhou and Suzhou accounted for (i) approximately 33.19%, 23.03%, 10.79%, 6.90%, 4.37%, 3.27%, 2.92%, 2.50%, and 2.21% of the Group’s total contracted sales amount for the year ended 31 December 2017, respectively, and (ii) approximately 15.95%, 22.92%, 5.52%, 18.34%, 3.14%, 4.57%, 4.41%, 2.86% and 1.16% of the Group’s total GFA of contracted sales for the year ended 31 December 2017, respectively. The following table sets forth details of the contracted sales of the Group for the year ended 31 December 2017:

	Amount	Percentage	GFA	Percentage	Average
	<i>(RMB million)</i>	<i>(%)</i>	<i>(sq.m.)</i>	<i>(%)</i>	<i>selling price</i>
					<i>(RMB/sq.m.)</i>
Hangzhou	16,671	33.19	380,744	15.95	43,785
Fuzhou	11,568	23.03	546,992	22.92	21,149
Shanghai	5,419	10.79	131,858	5.52	41,098
Fuyang	3,466	6.90	437,831	18.34	7,916
Xiamen	2,195	4.37	74,975	3.14	29,280
Zhangzhou	1,645	3.27	109,196	4.57	15,060
Xi’an	1,467	2.92	105,228	4.41	13,939
Zhengzhou	1,254	2.50	68,206	2.86	18,392
Suzhou	1,111	2.21	27,800	1.16	39,960
Others	5,439	10.82	504,070	21.13	10,790
Total	50,235	100.00	2,386,900	100.00	21,046

Projects completed

For the year ended 31 December 2017, the Group and its joint ventures and associates had completed a total of 22 projects or phases of projects, with total GFA of 2,810,417 sq.m. (1,778,526 sq.m., after taking into account the interests of the owners of the Company in the relevant projects).

Projects under construction

As at 31 December 2017, the Group and its associates and joint ventures had a total of 73 projects or phases of projects under construction, with total planned GFA of 14,767,488 sq.m. (8,152,223 sq.m., after taking into account the interests of the owners of the Company in the relevant projects).

Land reserve

During the year ended 31 December 2017, there were a total of 78 newly acquired land parcels with a total GFA of 14,815,319 sq.m. (7,458,140 sq.m., after taking into account the interests of the owners of the Company in the relevant projects). The average cost of land parcels acquired was approximately RMB4,814 per sq.m. (calculated at the plot ratio-based GFA).

The following table sets forth details of the Group's newly acquired land parcels during the year ended 31 December 2017:

City	Project name	Date of acquisition	Site area (sq.m.)	Total GFA (sq.m.)	Total GFA of the owners of the Company interested (sq.m.)	Land cost (RMB million)	Total land cost attributable to the owners of the Company (RMB million)	Average land cost (RMB/sq.m.)
Hangzhou	Hangzhou Yuhang Lot (余杭 2016(48) 號地塊)	19-Jan-17	24,560	61,640	61,640	657	657	16,721
Longyan	Zijin Mountain Sports Park Lot (紫金山體育公園地塊)	23-Feb-17	53,131	164,000	83,640	418	213	3,147
Zhangzhou	Zhangzhou 2017P01 Lot (漳州 2017P01 地塊)	10-Mar-17	52,439	193,100	193,100	1,600	1,600	10,897
Nanjing	Nanjing Jiangning Lot (江寧 2017G02 地塊)	31-Mar-17	82,628	197,670	95,835	1,910	955	12,842
Chengdu	Chengdu Jinniu Lot (金牛三號宗地)	6-Apr-17	11,100	61,400	61,400	751	751	16,915
Tianjin	Tianjin Jinghai Lot (靜海 2013-92 號地塊)	19-Apr-17	106,000	179,200	179,200	1,049	1,049	8,238
Tianjin	Tianjin Jinnan Lot (津南 2016-06 號地塊)	19-Apr-17	68,970	130,100	130,100	1,073	1,073	12,959
Fuzhou	Fuzhou Guihu 2017-07 Lot (桂湖壟頭 2017-07 地塊)	27-Apr-17	58,563	173,800	86,900	770	385	5,978
Fuzhou	Fuzhou Guihu 2017-08 Lot (桂湖壟頭 2017-08 地塊)	27-Apr-17	22,885	37,100	18,550	185	93	6,727
Fuzhou	Fuzhou Guihu 2017-09 Lot (桂湖壟頭 2017-09 地塊)	27-Apr-17	24,227	68,400	34,200	319	160	6,267
Putian	Putian Xibai Lot (溪白村 2017-04 地塊)	28-Apr-17	37,289	125,100	125,100	935	935	10,032
Guangzhou	Guangzhou Zengcheng Lot (廣州增城地塊)	4-May-17	28,001	113,900	56,950	1,176	588	14,999
Xiamen	Xiamen Tongan Lot (同安 2017P01 地塊)	18-May-17	11,386	37,400	37,400	788	788	31,520
Chongqing	Chongqing Banan Lot (重慶巴南地塊)	18-May-17	117,541	330,300	165,150	1,455	728	6,189
Jinhua	Jinhua 2017-07 Lot (金華 2017-07 地塊一)	19-May-17	64,605	173,200	86,600	1,622	811	12,550

City	Project name	Date of acquisition	Site area (sq.m.)	Total GFA (sq.m.)	Total GFA of the owners of the Company interested (sq.m.)	Land cost (RMB million)	Total land cost attributable to the owners of the Company (RMB million)	Average land cost (RMB/sq.m.)
continued								
Hangzhou	Hangzhou Jingjiang Lot (靖江花神廟地塊)	27-May-17	48,543	126,900	126,900	495	495	5,101
Shaoxing	Shaoxing Shengzhou Lot (紹興嵊州地塊)	31-May-17	248,819	753,084	753,084	1,549	1,549	2,577
Hangzhou	Hangzhou Xiaoshan Lot (蕭山 2017-1 號地塊)	24-Mar-17	47,326	171,500	87,465	3,646	1,859	30,816
Quzhou	Quzhou 2017(4) Lot (衢州 (2017)4 號地塊)	18-Apr-17	85,300	209,600	94,320	1,695	763	10,457
Ningbo	Ningbo Fenghua Lot (寧波奉化地塊)	26-Apr-17	45,993	140,005	31,501	807	206	8,773
Zhengzhou	Zhengzhou Zhongmou Lot (鄭州中牟縣地塊)	31-May-17	64,876	252,600	252,600	309	309	1,507
Hangzhou	Hangzhou 2016-35 Lot (杭政儲出 (2016) 35 號)	26-Dec-16	40,685	83,869	13,419	1,174	188	26,106
Hangzhou	Hangzhou 2016-44 Lot (杭政儲出 (2016) 44 號)	19-Jan-17	42,357	96,140	6,730	1,271	89	27,279
Nanjing	Nanjing 2017G31 Lot (NO.2017G31 地塊)	7-Jul-17	108,522	643,841	46,872	4,910	357	12,130
Nanjing	Nanjing 2017G36 Lot (NO.2017G36 地塊)	12-Jul-17	54,173	236,531	118,265	1,700	850	9,464
Jinhua	Jinhua 2017-10 Lot (金市土讓告字 [2017]10 號)	4-Aug-17	43,597	87,601	42,925	554	271	8,467
Hangzhou	Hangzhou 2017-44 Lot (杭政儲出 (2017)44 號)	14-Aug-17	53,417	216,737	145,214	6,064	4,063	40,542
Hangzhou	Hangzhou 2017-42 Lot (杭政儲出 (2017)42 號)	14-Aug-17	39,950	157,842	39,460	2,566	642	24,704
Hangzhou	Hangzhou 2017-14 Lot (蕭政儲出 (2017)14 號)	16-Aug-17	63,742	194,618	49,822	2,325	595	16,580
Fuzhou	Fuzhou 2017-06 Lot (馬宗地 2017-06 號地塊)	1-Sep-17	113,570	216,400	24,518	1,167	132	7,340
Hangzhou	Hangzhou 2017-20 Lot (蕭政儲出 (2017)20 號)	14-Sep-17	106,872	421,517	106,644	6,377	1,613	22,950
Zhengzhou	Xinyang Yijiangnan Lot-1 (滎陽市憶江南地塊 -1)	14-Sep-17	236,877	607,515	309,832	253	129	470
Fuzhou	Fuzhou 2017-23 Lot (宗地 2017-23 地塊)	13-Oct-17	25,668	85,600	85,600	1,410	1,410	21,973
Zhoushan	Zhoushan 2017-007 Lot (2017-007 地塊)	6-Nov-17	77,162	202,097	68,713	901	306	4,324
Hangzhou	Hangzhou 2017-43 Lot (余政儲出 (2017) 43 號)	18-Dec-17	104,698	290,176	73,995	3,351	855	16,005
Fuzhou	Fuzhou 2016-1 Lot (2016 拍 -1 號)	7-Jul-17	46,574	115,983	39,434	246	84	2,137
Suzhou	Suzhou Tang Ning Fu (唐寧府)	27-Jul-17	106,403	279,224	145,894	3,063	1,600	15,993
Suzhou	Suzhou Changqiao Yayuan (長橋雅苑)	27-Jul-17	58,718	187,443	103,093	343.7	189.0	2,634
Nantong	Nantong Yue Rong Shu (悅榕墅)	27-Jul-17	1,598	3,867	2,127	13.4	7.4	4,665
Fuyang	Hai Liang Hua Fu (海亮 • 華府)	27-Jul-17	748	2,789	1,534	5.8	3.2	2,222
Fuyang	Hai Liang Yu Fu (海亮 • 御府)	27-Jul-17	3,533	14,495	7,972	7.2	3.9	1,018

City	Project name	Date of acquisition	Site area (sq.m.)	Total GFA (sq.m.)	Total GFA of the owners of the Company interested (sq.m.)	Land cost (RMB million)	Total land cost attributable to the owners of the Company (RMB million)	Average land cost (RMB/sq.m.)
continued								
Fuyang	Hai Liang Yue Fu (海亮 • 悦府)	27-Jul-17	107,012	295,576	162,567	264.9	145.7	990
Fuyang	The Riverside Mansion (海亮 • 江灣城)	27-Jul-17	114,098	388,881	213,884	532.3	292.7	1,662
Fuyang	Hai Liang Long Yuan (海亮 • 瓏園)	27-Jul-17	51,596	181,020	99,561	311.1	171.1	2,321
Fuyang	Hai Liang Xing Cheng (海亮 • 星城)	27-Jul-17	56,381	148,434	54,698	237.6	87.6	1,934
Fuyang	Hai Liang Xingfu Li (海亮 • 幸福里)	27-Jul-17	154,493	402,143	154,825	512.1	197.2	1,658
Fuyang	Xingfu Li East County (幸福里東郡)	27-Jul-17	68,245	199,526	109,740	350.8	192.9	2,235
Fuyang	Xingfu Li North County (幸福里北郡)	27-Jul-17	37,396	110,189	60,604	188.1	103.5	2,190
Bangbu	Bengbu Hai Liang Ming Zhu (蚌埠海亮明珠)	27-Jul-17	74,173	231,286	127,207	217.7	119.7	1,010
Bangbu	Bengbu Hai Liang Xi Yuan (蚌埠海亮熙園)	27-Jul-17	2,047	8,903.62	4,897	12	7	1,691
Bangbu	Bengbu Hai Liang Tian Yu (蚌埠海亮天御)	27-Jul-17	91,411	316,515	174,083	427.2	235.0	1,680
Luan	Hailiang Official Mansion (六安海亮官邸)	27-Jul-17	61,621	173,525	95,439	298.2	164.0	2,033
Hefei	Hefei Hailiang Palais Jardin (九璽花園)	27-Jul-17	13,990	45,502	25,026	88.6	48.7	2,300
Hefei	Hefei Hailiang Rubellite (熙園花園)	27-Jul-17	256	643	354	0.4	0.2	775
Hefei	Hefei Orchid Land (蘭郡花園)	27-Jul-17	12,685	13,878	7,633	7.7	4.2	620
Hefei	Hailiang Rubellite (紅璽台公館)	27-Jul-17	12,119	33,890	18,639	120.8	66.5	4,827
Hefei	Tangning Mansion (唐寧府)	27-Jul-17	25,972	74,322	14,548	942.8	184.5	18,156
Xuancheng	Hailiang Sunny Riverside (陽光水岸)	27-Jul-17	2,299	4,370	2,403	2.6	1.4	623
Xuancheng	Hailiang Heavenly Mansion (海亮天御)	27-Jul-17	71,320	123,337	67,835	117.2	64.5	1,094
Guangde	Hailiang British Polis (英倫城邦)	27-Jul-17	40,915	53,049	29,177	49.4	27.2	1,018
Zhengzhou	Hailiang time ONE (海亮時代 ONE)	27-Jul-17	50,077	304,685	167,577	691.1	380.1	3,284
Xi'an	Hai Liang Xin Ying Li (海亮 • 新英里)	27-Jul-17	64,945	293,068	161,188	735.2	404.4	3,136
Xi'an	Hai Liang De Wen Jun (海亮 • 德文郡)	27-Jul-17	56,170	225,344	95,433	461.6	195.5	2,546
Xi'an	Hai Liang Tang Ning Fu (海亮 • 唐寧府)	27-Jul-17	60,673	231,901	61,222	332.9	87.9	1,960
Xi'an	Hai Liang Xi Yue (海亮熙悅)	27-Jul-17	51,387	251,372	17,697	90.7	6.4	446
Lanzhou	Lanzhou Binhe Yi Hao (濱河一號)	27-Jul-17	11,742	53,485	27,946	65.8	34.4	1,546
Lanzhou	Lanzhou Hailiang Heyuan (海亮和園)	27-Jul-17	5,423	17,871	9,337	15.5	8.1	957

City	Project name	Date of acquisition	Site area (sq.m.)	Total GFA (sq.m.)	Total GFA of the owners of the Company interested (sq.m.)	Land cost (RMB million)	Total land cost attributable to the owners of the Company (RMB million)	Average land cost (RMB/sq.m.)
continued								
Lanzhou	Lanzhou Xi'an Hua Fu (熙岸華府)	27-Jul-17	64,036	257,663	134,629	294.7	154.0	1,293
Xi'ning	Hailiang Da Du Hui (海亮大都匯)	27-Jul-17	119,283	430,271	236,649	428.8	235.8	1,198
Yinchuan	Hailiang International Community (海亮國際社區)	27-Jul-17	94,716	138,064	75,935	57.0	31.3	403
Yinchuan	Binhe No.1 Project (濱河壹號)	27-Jul-17	214,769	349,502	192,226	161.1	88.6	530
Yinchuan	Haimao No.1 Project (海茂壹號院)	27-Jul-17	171,712	398,455	107,384	407.7	109.9	1,319
Yinchuan	Shiyuefu Project (世悅府)	27-Jul-17	98,035	275,210	74,169	250.3	67.4	1,281
Ganzhou	Hailiang Skyscrapers (海亮天城)	27-Jul-17	106,729	329,683	181,326	885.1	486.8	3,602
Huaiyuan	Yijing Garden (頤景花園)	27-Jul-17	330	5,821	3,201	0.6	0.3	102
Tongling	Tongling Lanshan Fu (銅陵瀾山府)	31-May-17	60,475	141,075	62,849	82	37	714
Ganzhou	Ganzhou Rongxitai (贛州榕璽台)	4-Aug-17	39,013	114,884	34,121	342	102	3,511
Luan	Luan 2017-14 Lot (六出 2017-14 號地塊)	6-Sep-17	144,532	347,695	191,232	631	347	1,984
Total			<u>5,045,121</u>	<u>14,815,319</u>	<u>7,458,140</u>	<u>71,523.8</u>	<u>34,242.2</u>	<u>4,814</u>

As at 31 December 2017, the total GFA of the Group's land reserve was approximately 23.1 million sq.m. among which, approximately 1.4 million sq.m. were completed properties held for sale, approximately 14.8 million sq.m. were under construction, and approximately 6.9 million sq.m. were held for future development.

As at 31 December 2017, the cost per sq.m. of the Group's land reserve was RMB6,568, of which, approximately 60.20% was located in the prime area in the first and second-tier cities in the PRC. The Directors believe that the relatively high-quality land reserve provides the Group with effective support for its future profitability.

The following table sets forth details of the land reserve attributable to the owners of the Company as at 31 December 2017:

Region	Name of projects	Total land value (RMB'0,000)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
Hangzhou	Gentle Mansion (君悅府)	20,190	5.04	5,863
	Lan Sky 融信•瀾天	91,200	24.46	5,739
	Yangxing Capital 融信•永興首府	36,154	4.09	13,076
	Xiaoshan Residence 融信•蕭山公館	127,517	9.89	18,559
	Seattle (西雅圖)	129,750	12.03	14,905
	Jingkai Project (經開地塊)	43,580	4.24	16,002
	Yinhe Primary School Project (銀河小學地塊)	92,412	9.68	13,822
	Hangzhou Wocheng Project (杭州臥城地塊)	24,820	7.05	5,113
	Hangzhou Mansion (融信•杭州公館)	60,967	4.13	25,717
	Qianjiang Century City Project (錢江世紀城地塊)	228,480	17.11	19,230
	Qinglong Project (慶隆地塊)	120,411	5.97	31,404
	Hangzhou Yuhang Lot (余杭 2016(48) 號地塊)	65,706	6.16	16,721
	Hangzhou Jingjiang Lot (靖江花神廟地塊)	49,521	12.69	5,101
	Hangzhou Xiaoshan Lot (蕭山 2017-1 號地塊)	185,946	8.75	30,816
	Hangzhou 2016-35 Lot (杭政儲出(2016)35 號)	18,776	1.34	26,106
	Hangzhou 2016-44 Lot (杭政儲出(2016)44 號)	8,897	0.67	27,279
	Hangzhou 2017-44 Lot (杭政儲出(2017)44 號)	406,269	14.52	40,542
	Hangzhou 2017-42 Lot (杭政儲出(2017)42 號)	64,150	3.95	24,704
	Hangzhou 2017-14 Lot (蕭政儲出(2017)14 號)	59,520	4.98	16,580
	Hangzhou 2017-20 Lot (蕭政儲出(2017)20 號)	161,340	10.66	22,950
	Hangzhou 2017-43 Lot (余政儲出(2017)43 號)	85,460	7.40	16,005
Fuzhou	The Twin Harbour City (融信•雙杭城)	447,233	80.04	6,065
	The Long Island (融信•長島)	130,000	44.82	2,437
	The Bund (平潭外灘)	9,002	7.92	1,430
	Hot Spring City (福州溫泉城項目)	71,345	55.66	1,610 ⁽¹⁾
	Lan County (融信•瀾郡)	25,038	4.14	8,374
	The Coast (融信•後海)	34,155	6.13	7,406
	Show Kingdom (世歐王莊)	53,262	16.37	4,787
	Huayun Mansion (華雲山莊)	14,689	6.59	3,300
	Fuzhou Guihu 2017-07 Lot (桂湖壟頭 2017-07 地塊)	38,500	8.69	5,978
	Fuzhou Guihu 2017-08 Lot (桂湖壟頭 2017-08 地塊)	9,250	1.86	6,727
	Fuzhou Guihu 2017-09 Lot (桂湖壟頭 2017-09 地塊)	15,950	3.42	6,267
	Fuzhou 2017-06 Lot (馬宗地 2017-06 號地塊)	13,223	2.45	7,340
	Fuzhou 2017-23 Lot (宗地 2017-23 地塊)	141,000	8.56	21,973
	Fuzhou 2016-1 Lot (2016 拍 -1 號)	8,364	3.94	2,137
Shanghai	Shanghai Xujing Project (徐涇鎮會展中心)	194,602	34.09	8,539
	French Legend (融信•法蘭西世家)	7,718	1.09	10,803
	Shanghai Huacao Lot II (Kairi)(閔行區華漕鎮 MHPO-1402 單元 35-01 地塊 (愷日))	10,110	2.41	6,018 ⁽¹⁾
	Shanghai Huacao Lot III (Kaichong)(閔行區華漕鎮 MHPO-1402 單元 36-01 地塊 (愷崇))	4,193	0.94	6,098 ⁽¹⁾
	Shanghai Huacao Lot IV (Kaichang)(閔行區華漕鎮 MHPO-1402 單元 42-01 地塊 (愷暢))	7,729	1.75	6,101 ⁽¹⁾
	Imperial Villa (融信•鉑灣)	12,996	1.86	11,396
	Shanghai Huacao Lot I (閔行區華漕鎮 MHPO-1402 單元 41-02 地塊)	7,685	2.23	6,165 ⁽¹⁾
	Platinum (融信•鉑爵)	49,980	5.26	15,409
	Xinjiangwan City (新江灣城)	157,750	5.12	52,840
	Shanghai Qingpu Lot (青浦 36-01 地塊)	59,780	4.94	21,610
	Shanghai Jingan Zhangxin Lot (靜安中興地塊)	550,500	7.49	100,091

Region	Name of projects	Total land value (RMB'0,000)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
Fuyang	Hai Liang Yue Fu (海亮 • 悦府)	9,399	10.49	990 ⁽¹⁾
	The Riverside Mansion (海亮 • 江灣城)	14,455	10.56	1,662 ⁽¹⁾
	Hai Liang Long Yuan (海亮 • 瓏園)	17,110	9.95	2,321 ⁽¹⁾
	Hai Liang Xing Cheng (海亮 • 星城)	8,004	5.00	1,934 ⁽¹⁾
	Hai Liang Xingfu Li (海亮 • 幸福里)	19,704	15.47	1,658 ⁽¹⁾
	Xingfu Li East County (幸福里東郡)	24,513	13.94	2,235 ⁽¹⁾
	Xingfu Li North County (幸福里北郡)	13,249	7.76	2,190 ⁽¹⁾
Zhangzhou	Future City (融信 • 未來城)	7,163	3.83	2,573
	Imperial Land (一品江山)	22,212	13.51	2,206
	Zhangzhou Wanke City (漳州萬科城)	30,080	20.80	1,773
	College City (學院名築)	57,800	18.10	4,059
	Zhangzhou Harbor B8 Lot (漳州港 B8)	51,800	14.36	4,868
	Zhangzhou 2017P01 Lot (漳州 2017P01 地塊)	160,000	19.31	10,897
Suzhou	Kunshan Project (昆山 (2016)2-4 地塊)	135,150	14.02	13,573
	Suzhou Tang Ning Fu (唐寧府)	190,675	14.58	15,993 ⁽¹⁾
	Suzhou Changqiao Yayuan (長橋雅苑)	22,025	12.01	2,634 ⁽¹⁾
Hefei	Hefei Hailiang Palais Jardin (九璽花園)	12,428	6.38	2,300 ⁽¹⁾
	Hefei Orchid Land (蘭郡花園)	1,044	1.89	620 ⁽¹⁾
	Hailiang Rubellite (紅璽台公館)	9,666	2.71	4,827 ⁽¹⁾
	Tangning Mansion (唐寧府)	18,445	1.45	18,156 ⁽¹⁾
Xi'an	Hai Liang Xin Ying Li (海亮 • 新英里)	30,147	12.02	3,136 ⁽¹⁾
	Hai Liang De Wen Jun (海亮 • 德文郡)	24,282	11.85	2,546 ⁽¹⁾
	Hai Liang Tang Ning Fu (海亮 • 唐寧府)	10,149	7.07	1,960 ⁽¹⁾
	Hai Liang Xi Yue (海亮熙悅)	788	2.19	446 ⁽¹⁾
Yinchuan	Binhe No.1 Project (濱河壹號)	6,506	14.13	530 ⁽¹⁾
	Haimao No.1 Project (海茂壹號院)	8,266	21.21	1,319 ⁽¹⁾
	Shiyuefu Project (世悅府)	9,413	10.35	1,281 ⁽¹⁾
Zhengzhou	Zhengzhou Zhongmou Lot (鄭州中牟縣地塊)	30,920	25.26	1,507
	Xingyang Yijiangnan Lot-1 (滎陽市憶江南地塊 -1)	12,889	30.98	470
	Hailiang time ONE (海亮時代 ONE)	37,992	16.75	3,284 ⁽¹⁾
Bangbu	Bengbu Hai Liang Ming Zhu (蚌埠海亮明珠)	12,068	12.82	1,010 ⁽¹⁾
	Bengbu Hai Liang Xi Yuan (蚌埠海亮熙園)	675	0.50	1,691 ⁽¹⁾
	Bengbu Hai Liang Tian Yu (蚌埠海亮天御)	15,281	11.32	1,680 ⁽¹⁾
Lanzhou	Lanzhou Binhe Yi Hao (濱河一號)	4,170	3.39	1,546 ⁽¹⁾
	Lanzhou Hailiang Heyuan (海亮和園)	676	0.78	957 ⁽¹⁾
	Lanzhou Xi'an Hua Fu (熙岸華府)	11,067	9.68	1,293 ⁽¹⁾
Xiamen	Xiamen Bowan (廈門同安鉑灣)	263,400	18.56	23,207
	Ocean City (融信 • 海上城)	10,840	5.20	1,989
	Xiamen Tongan Lot (同安 2017P01 地塊)	78,800	3.74	31,520
Nanjing	Nanjing Jiangning Lot (江寧 2017G02 地塊)	95,500	9.88	12,842
	Nanjing 2017G31 Lot (NO.2017G31 地塊)	35,745	4.69	12,130
	Nanjing 2017G36 Lot (NO.2017G36 地塊)	85,000	11.83	9,464
	Nanjing Xianlin Project (南京仙林 2016G58 地塊)	226,290	13.03	24,957
	Nanjing Jiulonghu Project (南京九龍湖 NO. 2016G73 地塊)	53,700	35.17	2,515
Ganzhou	Ganzhou Rongxitai (贛州榕璽台)	10,170	3.47	3,511
	Hailiang Skyscrapers (海亮天城)	41,812	15.57	3,602 ⁽¹⁾
Tianjin	Tianjin Jinghai Lot (靜海 2013-92 號地塊)	104,865	17.92	8,238
	Tianjin Jinnan Lot (津南 2016-06 號地塊)	107,250	13.01	12,959
Xuancheng	Hailiang Heavenly Mansion (海亮天御)	6,810	7.17	1,094 ⁽¹⁾
Jinhua	Jinhua 2017-07 Lot (金華 2017-07 地塊一)	81,080	8.66	12,550
	Jinhua 2017-10 Lot (金市土讓告字 [2017]10 號)	27,131	4.29	8,467

Region	Name of projects	Total land value (RMB'0,000)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
Luan	Luan 2017-14 Lot (六出 2017-14 號地塊)	34,705	19.12	1,984
	Hailiang Official Mansion (六安海亮官邸)	12,979	7.55	2,033 ⁽¹⁾
Chengdu	Chengdu Jinniu Lot (金牛三號宗地)	75,102	6.14	16,915
Chongqing	Chongqing Banan Lot (重慶巴南地塊)	72,750	16.52	6,189
Guangzhou	Guangzhou Zengcheng Lot (廣州增城地塊)	58,800	5.70	14,999
Longyan	Zijin Mountain Sports Park Lot (紫金山體育 公園地塊)	21,318	8.36	3,147
Nantong	Nantong Yue Rong Shu (悅榕墅)	3,038	0.88	4,665 ⁽¹⁾
Ningbo	Ningbo Fenghua Lot (寧波奉化地塊)	20,577	3.57	8,773
Putian	Putian Xibai Lot (溪白村 2017-04 地塊)	93,500	12.51	10,032
Quzhou	Quzhou 2017(4) Lot (衢州 (2017)4 號地塊)	76,275	9.43	10,457
Shaoxing	Shaoxing Shengzhou Lot (紹興嵊州地塊)	154,900	75.31	2,577
Tongling	Tongling Lanshan Fu (銅陵瀾山府)	3,653	6.28	714
Xi'ning	Hailiang Da Du Hui (海亮大都匯)	17,203	17.26	1,198 ⁽¹⁾
Zhoushan	Zhoushan 2017-007 Lot (2017-007 地塊)	30,626	6.87	4,324
Total		7,099,142.16	1,266.71	6,568

Note:

- (1) This represents the original land costs of these projects only, and did not reflect the fair value increase that had been recognised upon acquisitions or consolidations by the Group during the year ended 31 December 2017.

Financial review

Revenue

The Group's revenue increased by approximately 166.82% from RMB11,371.66 million for the year ended 31 December 2016 to RMB30,341.40 million for the year ended 31 December 2017. The Group derived its revenue primarily from (i) the sales of properties in the PRC; (ii) certain construction contracts with local PRC governments with respect to the construction of resettlement housing and (iii) the rental income generated from the lease of investment properties and others.

The following table sets forth the details of the Group's revenue recognised from such sources for the period indicated:

	For the year ended 31 December		Change in percentage
	2017 RMB'000	2016 RMB'000	
Revenue			
Sales of properties	29,588,530	11,113,869	166.23%
Construction contracts ⁽¹⁾	559,570	178,290	213.85%
Rental income and other	193,304	79,504	143.14%
Total	30,341,404	11,371,663	166.82%

Notes:

- (1) The Group cooperated or agreed to cooperate with local governments in constructing resettlement housing units adjacent to certain projects of the Group. The construction of such resettlement housing was typically included by the relevant local governments as part of the package for the acquisition of the related parcels of land for commercial development. Under such arrangement, the Group pays the relevant land premium and receive the land use rights certificates registered to the Group's name with respect to the land parcels underlying the resettlement properties during the construction phase, but are obligated to deliver the properties upon completion back to the local government. For further details of the construction of resettlement housing, please refer to the section headed "Business — Construction of Resettlement Housing" on pages 231 to 236 in the prospectus of the Company dated 31 December 2015 (the "Prospectus").

The revenue of the Group increased by approximately 166.82% from RMB11,371.66 million for the year ended 31 December 2016 to RMB30,341.40 million for the year ended 31 December 2017. This increase was mainly attributable to:

- (i) the increase in the total GFA of properties delivered by the Group by approximately 218.78% from 772,633 sq.m. for the year ended 31 December 2016 to 2,462,982 sq.m. for the year ended 31 December 2017;
- (ii) the increase in revenue generated from construction contracts by approximately 213.85% from RMB178.29 million for the year ended 31 December 2016 to RMB559.57 million for the year ended 31 December 2017; and
- (iii) the increase in rental income generated from a shopping mall in Fuzhou and an office building in Shanghai from RMB77.22 million for the year ended 31 December 2016 to RMB102.01 million for the year ended 31 December 2017. The others are mainly represent hotel operation. During the year, revenue from hotel operation of the Group was RMB68.82 million,

Revenue generated from the sales of properties amounted to RMB29,588.53 million for the year ended 31 December 2017. The following table sets forth the details of the revenue generated from the sales of properties of the Group by geographical location for the year ended 31 December 2017:

For the year ended 31 December						
		2017			2016	
	Revenue	GFA	Average	Revenue	GFA	Average
	(RMB million)	delivered by	selling price	(RMB million)	delivered by	selling price
		the Group	(RMB/sq.m.)		the Group	(RMB/sq.m.)
		(sq.m.)			(sq.m.)	
Hangzhou	10,380	437,654	23,717	—	—	—
Fuzhou	7,974	678,304	11,756	5,983	475,150	12,591
Shanghai	3,315	165,132	20,076	2,671	114,940	23,236
Zhangzhou	1,556	242,003	6,432	834	107,211	7,779
Fuyang	1,453	252,224	5,761	—	—	—
Others	4,911	687,665	7,140	1,626	75,332	21,593
Total	29,589	2,462,982	12,013	11,114	772,633	14,384

Cost of sales

The Group's cost of sales increased by approximately 179.13% from RMB9,069.85 million for the year ended 31 December 2016 to RMB25,316.55 million for the year ended 31 December 2017. This increase was mainly refers to the costs incurred directly from its property development activities, including cost of construction, land use rights, interest capitalized and tax surcharge.

Gross profit and gross profit margin

Gross profit represents revenue less cost of sales. As a result of the foregoing, the Group's gross profit increased by approximately 118.30% from RMB2,301.82 million for the year ended 31 December 2016 to RMB5,024.85 million for the year ended 31 December 2017.

The Group's gross profit margin decreased from 20.24% for the year ended 31 December 2016 to 16.56% for the year ended 31 December 2017, primarily because the gross profit margin of some properties delivered in the second half year were low or zero as they were acquired from the acquisition disclosed in the section headed "Management Discussion and Analysis — material acquisition and disposal" below and used fair value on the acquisition date as their initial cost in the consolidated financial statement.

Selling and marketing costs

The Group's selling and marketing costs include (i) staff costs for sales personnel; (ii) advertisement expenses; (iii) office and travel expenses related to marketing departments; (iv) property management fees; and (v) others.

The Group's selling and marketing costs increased by approximately 72.91% from RMB473.37 million for the year ended 31 December 2016 to RMB818.51 million for the year ended 31 December 2017, primarily due to increases in the project numbers and the numbers of the sales staff of the Group as a result of increased sales activities.

Administrative expenses

The Group's administrative expenses include (i) staff costs for administrative personnel; (ii) other taxes; (iii) office and travel expenses related to administrative departments; (iv) entertainment expenses; (v) audit fees; (vi) office lease expenses; (vii) depreciation and amortisation; and (viii) others.

The Group's administrative expenses increased by approximately 83.37% from RMB477.91 million for the year ended 31 December 2016 to RMB876.35 million for the year ended 31 December 2017, mainly attributable to (i) increases in the number of administrative staff due to the increase in the number of new projects and project under construction of the Group and (ii) the significant increase in other taxes (mainly including stamp duty, land use tax) by approximately 158.74% from RMB35.31 million for the year ended 31 December 2016 to RMB91.36 million for the year ended 31 December 2017.

Fair value gains on investment properties

The increase in fair value gains on investment properties by approximately 206.93% from RMB361.03 million for the year ended 31 December 2016 to RMB1,108.10 million for the year ended 31 December 2017 was due to the inflation of market value and development of the Group's investment properties under construction.

Other income and other gains — net

The Group's other income and other gains primarily includes (i) gains from certain cash management products; and (ii) deposits forfeited from some of the Group's prospective customers who breached the relevant property purchase agreements. The Group's other income increased from RMB11.67 million for the year ended 31 December 2016 to RMB45.52 million for the year ended 31 December 2017.

Operating profit

The Group's operating profit for the year increased by approximately 124.03% from RMB2,001.30 million for the year ended 31 December 2016 to RMB4,483.61 million for the year ended 31 December 2017.

Finance income — net

Finance income primarily consists of interest income from bank deposits and foreign exchange gains. The Group's net finance income increased from RMB125.36 million for the year ended 31 December 2016 to RMB223.03 million for the year ended 31 December 2017. This increase was primarily due to increases in foreign exchange gains.

Profit before income tax

As a result of the aforementioned changes of the Group's financials, the Group's profit before income tax increased by approximately 94.17% from RMB2,569.77 million for the year ended 31 December 2016 to RMB4,989.74 million for the year ended 31 December 2017.

Income tax expense

The Group's income tax expense comprise provisions made for CIT (including deferred income tax) and LAT in the PRC.

The Group's income tax expense increased by approximately 170.33% from RMB866.90 million for the year ended 31 December 2016 to RMB2,343.49 million for the year ended 31 December 2017. Specifically, CIT (including deferred income tax) increased by approximately 141.54% from RMB449.38 million for the year ended 31 December 2016 to RMB1,085.43 million for the year ended 31 December 2017, and LAT increased by approximately 201.32% from RMB417.52 million for the year ended 31 December 2016 to RMB1,258.06 million for the year ended 31 December 2017.

Amounts due from related parties

The Group's amounts due from related parties increased by approximately 1,633.64% from RMB229.10 million for the year ended 31 December 2016 to RMB3,971.79 million for the year ended 31 December 2017, which was mainly attributable to prepayment for acquisition of lands and properties for joint ventures.

Financing activities

Use of proceeds from initial public offering

On 13 January 2016, the Company issued 337,500,000 Shares (the “**Shares**”) at an offer price of HK\$5.36 per Share on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) by global offering. On 28 January 2016, the Company further issued 2,348,000 Shares pursuant to the partial exercise of the over-allotment option at an offer price of HK\$5.36 per Share. Upon completion of the global offering, the Company raised net proceeds of approximately HK\$1,780 million.

The Group had utilised all of the net proceeds from initial public offering as at the date of this announcement in the manner consistent with the proposed allocations stated in the Prospectus that (i) approximately 60% of the net proceeds had been applied in the Group's property development projects; (ii) approximately 30% of the net proceeds had been applied in expanding the land reserve of the Group; and (iii) approximately 10% of the net proceeds had been used as the Group's general corporate and working capital purposes.

Use of proceeds from placing

Reference was made to the Company's announcement dated 30 October 2017 (the “**Placing Announcement**”). The Group successfully raised a net proceeds of HK\$1,199.5 million through the placing (the “**Placing**”) of 142,452,500 existing Shares (the “**Placing Shares**”) by Dingxin Company Limited (“**Dingxin**”), a controlling shareholder of the Company, to not less than six independent professional, institutional and other individual investors at the placing price of HK\$8.52 each on 7 November 2017 for the Company's development purposes and as general working capital of the Group. The Company subsequently allotted and issued 142,452,500 new Shares to Dingxin.

Upon the completion of the Placing, the Company received gross proceeds of HK\$1,213.7 million and net proceeds, after deducting all applicable costs and related expenses, of HK\$1,199.5 million, representing a net issue price of approximately HK\$8.42 per Placing Share.

As at 31 December 2017, the Group had utilised all the net proceeds from the Placing for the Company's development purposes and as general working capital of the Group, which are consistent with the purposes disclosed in the Placing Announcement.

Issuance of 2018 Senior Notes

On 1 February 2018, the Company issued senior notes in the aggregated principal amount of US\$325,000,000 due in 2021 (the “**Original 2018 Senior Notes**”) on Singapore Exchange Securities Trading Limited, with an interest rate of 8.25% per annum payable semi-annually in arrears on 1 February and 1 August of each year, commencing on 1 August 2018. Subsequently on 27 February 2018 the Company issued additional notes in the aggregate principal amount of US\$100,000,000 (to be consolidated and form a single series with the Original 2018 Senior Notes) (the “**Consolidated 2018 Senior Notes**”). The maturity date of the Consolidated 2018 Senior Notes is 1 February 2021. At any time and from time to time before the maturity date, the Company may at its option redeem the Consolidated 2018 Senior Notes, at a pre-determined redemption price.

As at the date of this announcement, the Group had utilised all the net proceeds from the issuance of the Consolidated 2018 Senior Notes in the manner consistent with the proposed allocations stated in the offering memorandum.

For more details, please refer to the announcements of the Company dated 25 January 2018, 26 January 2018, 2 February 2018, 12 February 2018, 13 February 2018 and 1 March 2018, and the relevant offering memorandums.

Issuance of 2017 Senior Notes

On 8 December 2016, the Company issued senior notes in the aggregated principal amount of US\$175,000,000 due in 2019 (the “**Original 2017 Senior Notes**”) on Singapore Exchange Securities Trading Limited, with an interest rate of 6.95% per annum payable semi-annually in arrears. Subsequently on 14 February 2017, the Company issued additional notes in the aggregate principal amount of US\$225,000,000 (to be consolidated and form a single series with the Original 2017 Senior Notes) (the “**Consolidated 2017 Senior Notes**”). The maturity date of the Consolidated 2017 Senior Notes is 8 December 2019. At any time and from time to time before the maturity date, the Company may at its option redeem the Consolidated 2017 Senior Notes, at a pre-determined redemption price.

As at the date of this announcement, the Group had fully utilised the net proceeds from the issuance of the Consolidated 2017 Senior Notes in a manner consistent with the proposed allocations in the offering memorandum, of which US\$50,000,000, US\$100,000,000 and US\$75,000,000 were applied on the projects of Lan Sky (融信·瀾天), Xiaoshan Residence (融信·蕭山公館) and Platinum (融信·鉑爵), respectively, for their construction and development. For more details, please refer to the announcements of the Company dated 28 November 2016, 2 December 2016, 12 December 2016, 14 February 2017, 15 February 2017 and 22 February 2017, and the relevant offering memorandums.

Liquidity and financial resources

As at 31 December 2017, the Group's net current assets amounted to RMB61,564.76 million (2016: RMB46,760.94 million). Specifically, the Group's total current assets increased by approximately 68.15% from RMB89,415.26 million as at 31 December 2016 to RMB150,348.59 million as at 31 December 2017. The Group's total current liabilities increased by approximately 108.15% from RMB42,654.32 million as at 31 December 2016 to RMB88,783.83 million as at 31 December 2017. The increase in the Group's total current assets was primarily attributable to (i) the increase in completed properties held for sale by approximately 25.15% from RMB7,572.77 million as at 31 December 2016 to RMB9,477.13 million as at 31 December 2017; (ii) the increase in properties under development by approximately 187.53% from RMB31,614.72 million as at 31 December 2016 to RMB90,900.27 million as at 31 December 2017; and (iii) the increase in total cash and cash equivalents and restricted cash by 64.13% from RMB12,432.59 million as at 31 December 2016 to RMB20,406.15 million as at 31 December 2017.

As at 31 December 2017, the Group had bank deposits (including term deposits, restricted cash, and cash and cash equivalents) of RMB20,517.15 million (2016: RMB16,749.76 million), total borrowings of RMB69,453.61 million (2016: RMB39,417.26 million) and a weighted average effective interest rate for outstanding borrowings of approximately 6.9% (including bank borrowings, trust and other borrowings, the Domestic Corporate Bonds, the Additional Senior Note and the Asset-backed Securities) (2016: approximately 6.8%).

As at 31 December 2017, the aggregated issued amount of the Domestic Corporate Bonds was RMB10,949.66 million, representing approximately 15.77% of the total borrowings of the Group.

Pledge of assets

As at 31 December 2017, the Group's bank and other borrowings were secured by the Group's assets of RMB68,691.9 million (2016: RMB30,101.6 million), which include (i) completed properties held for sale; (ii) properties under development; (iii) property, plant and equipment; (iv) land use rights; (v) restricted cash and (vi) investment property. Certain other borrowings were also secured by the equity interests of certain subsidiaries.

Provision of a guarantee in favour of a bank for Nanjing Kaijingsheng

On 14 August 2017, Rongxin Group, as guarantor, entered into a guarantee agreement in favour of Bank of Beijing Co., Ltd., Nanjing Branch* (北京銀行股份有限公司南京分行) (the “**Creditor**”), pursuant to which Rongxin Group has agreed to provide guarantee for the due performance of the repayment obligations of Nanjing Kaijingsheng Property Development Co., Ltd.* (南京愷璟晟房地產開發有限公司) (the “**Nanjing Kaijingsheng**”), a Company established in the PRC with limited liability which is indirectly owned as to 49% by the Company as at the date of this announcement, to the Creditor under the loan agreement entered into between Nanjing Kaijingsheng and the Creditor on the same date in relation to the grant of loan in the principal amount of RMB800 million. For further details, please refer to the announcement of the Company dated 14 August 2017.

Contingent liabilities

The Group's contingent liabilities primarily include guarantees that the Group has provided to PRC banks in respect of the mortgage loans granted by the banks to purchasers of the Group's properties. These purchaser mortgage guarantees are typically released when the title deeds of the respective properties are pledged to the banks as security to continue to support the mortgage loans, which generally takes place after the properties are delivered to the purchasers. The borrowing guarantees represent the maximum exposure of the guarantees provided for the borrowings of related parties and an independent third party at the respective balance sheet dates. The total outstanding guarantee amounts provided by the Group amounted to RMB22,704.08 million as at 31 December 2017 (31 December 2016: RMB20,216.46 million).

The Directors believe that, in case of a default by the Group's purchasers on their mortgage payments, the net realisable value of the relevant properties will be sufficient to repay the outstanding mortgage loans, together with any accrued interest and penalty. Therefore, the Group did not make any provision in connection with these guarantees. The Group also provides various quality warranties to purchasers of its properties, with a term ranging from one to five years, in accordance with the relevant PRC laws and regulations. Such warranties are covered by back-to-back warranties provided to the Group by the respective construction contractors. In addition, the Group has, from time to time, also been a party to lawsuits and other legal proceedings in the normal course of business.

Current ratio

As at 31 December 2017, the current ratio of the Group was 1.69 times (31 December 2016: 2.10 times). The decrease in the Group's current ratio was mainly attributable to an increase of contracted sales and borrowings included in current liabilities.

Gearing ratio

As at 31 December 2017, the gearing ratio of the Group was 159.0% (2016: 98.0%), mainly due to an increase of total borrowings. This ratio is calculated as net borrowings divided by total equity as shown in the consolidated balance sheet. Net borrowings are calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less total of cash and cash equivalents, restricted cash and term deposits.

Future plans for material investments

Save as disclosed in the section headed "Management Discussion and Analysis — material acquisition and disposal" below, the Group has no other material acquisitions and disposals of subsidiaries, associates and joint ventures during the period under review. The Group will continue to focus on its existing property development business and acquiring high-quality land parcels in the first-tier and second-tier cities in China. No concrete plan for future investments is in place as at the date of this announcement.

FOREIGN CURRENCY RISK

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

MATERIAL ACQUISITION AND DISPOSAL

Save as disclosed below, during the year ended 31 December 2017 and up to the date of this announcement, the Group did not perform any material acquisition or disposal of subsidiaries and associated companies.

Acquisition of land by way of acquiring the entire equity interests of a company

On 9 February 2018, Zhengzhou Rongzhu Property Development Co., Ltd.* (鄭州融築房地產開發有限公司) (“**Zhengzhou Rongzhu**”), an indirect wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Zhengzhou Zhongqiao Real Estate Development Company Limited* (鄭州中喬房地產開發有限公司) (“**Zhengzhou Qinghuayuan**”), pursuant to which Zhengzhou Rongzhu has agreed to acquire, and Zhengzhou Qinghuayuan has agreed to dispose of, the entire equity interest in Zhengzhou Keboke Enterprise Management Consultancy Co., Ltd.* (鄭州克博克企業管理諮詢有限公司), holder of the land use rights of a land located at Zhengzhou City, Henan Province, the PRC, at a consideration of RMB801.9 million.

For further details of this acquisition, please refer to the announcements of the Company dated 9 February 2018.

Ningbo Hailiang Acquisition and Anhui Hailiang Acquisition

On 27 July 2017, Shanghai Kaiyin Enterprise Company Limited* (上海愷胤實業有限公司) (“**Shanghai Kaiyin**”), an indirect wholly-owned subsidiary of the Company, entered into five equity transfer agreements with each of Zhejiang Hailiang Investment Company Limited* (浙江海亮投資股份有限公司), Mr. Feng Hailiang (馮海良), Ningbo Hairao Investment Company Limited* (寧波海饒投資有限公司) (“**Hairao Investment**”), Mr. Tang Lu (唐魯) and Zhejiang Hailiang Charity Foundation* (浙江海亮慈善基金會), respectively, in relation to the acquisition (the “**Ningbo Hailiang Acquisition**”) of a 55% equity interest in Ningbo Hailiang Property Investment Company Limited* (寧波海亮房地產投資有限公司) (the “**Ningbo Hailiang**”) by Shanghai Kaiyin for an aggregate consideration of RMB2,264,023,700 (equivalent to HK\$2,626,267,492).

On the same date, Shanghai Rongen Property Development Company Limited* (上海融恩房地產開發有限公司) (“**Shanghai Rongen**”), an indirect wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Hairao Investment in relation to the acquisition (the “**Anhui Hailiang Acquisition**”) of a 55% equity interest in Anhui Hailiang Property Company Limited* (安徽海亮房地產有限公司) (the “**Anhui Hailiang**”) for an aggregate consideration of RMB632,500,000 (equivalent to HK\$733,700,000).

As one or more of the applicable percentage ratios as set out in the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) in respect of the Ningbo Hailiang Acquisition and the Anhui Hailiang Acquisition is/are more than 25% but less than 100%, these acquisitions constituted major transactions of the Company under Chapter 14 of the Listing Rules.

Ningbo Hailiang and Anhui Hailiang have both become the indirect non wholly-owned subsidiaries of the Company upon completion, and the financial results of Ningbo Hailiang and Anhui Hailiang have been consolidated into the financial statements of the Group. For further details of the Ningbo Hailiang Acquisition and the Anhui Hailiang Acquisition, please refer to the announcements of the Company dated 27 July 2017, 18 August 2017 and 20 September 2017, and the circular of the Company dated 29 December 2017.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2017, the Group employed a total of 1,683 full-time employees (2016: 1,115 full-time employees). For the year ended 31 December 2017, the staff cost recognised of the Group amounted to RMB790.1 million (2016: RMB393.1 million).

The remuneration policy of the Group is to provide remuneration packages including salary, bonuses and various allowances, so as to attract and retain top quality staff. In general, the Group determines employee salaries based on each employee’s qualifications, position and seniority. The Group has designed a periodical review system to assess the performance of its employees, which forms the basis of the determination on salary rises, bonuses and promotions. As required by PRC regulations, the Group makes contributions to mandatory social security funds for the benefit of the Group’s PRC employees that provide for pension insurance, medical insurance, unemployment insurance, personal injury insurance, maternity insurance and housing funds.

Furthermore, the Group has implemented systematic, specialty-focused vocational training programs for its employees at different levels on a regular basis to meet different requirements and emphasise individual initiative and responsibility. The Group believes that these initiatives have contributed to increased employee productivity.

The Group’s employees do not negotiate their terms of employment through any labor union or by way of collective bargaining agreements. During the year ended 31 December 2017, no labor dispute had occurred which materially and adversely affected or was likely to have a material and adverse effect on the operations of the Group.

DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 December 2017 (2016: Same).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Shareholders’ eligibility to attend and vote at the annual general meeting of the Company to be held on Friday, 1 June 2018 (the “**AGM**”), the register of members of the Company will be closed from Monday, 28 May 2018 to Friday, 1 June 2018 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all transfer of share documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Computershare

Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Friday, 25 May 2018.

PURCHASE, SALE AND REDEMPTION OF SHARES OF THE COMPANY

During the year ended 31 December 2017, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listing securities of the Company.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in Appendix 10 to the Listing Rules as the guidelines for the Directors’ dealings in the securities of the Company. Following specific enquiries to each of the Directors, the Directors have confirmed their compliance with the required standards set out in the Model Code throughout the year ended 31 December 2017.

CORPORATE GOVERNANCE

The Group is committed to achieving high standards of corporate governance to safeguard the interests of the holders of the shares of the Company and to enhance corporate value and accountability.

The Company has adopted the corporate governance code (the “**Corporate Governance Code**”) contained in Appendix 14 to the Listing Rules as its own code on corporate governance and, to the best knowledge of the Directors, the Company complied with all applicable code provisions under the Corporate Governance Code throughout the year ended 31 December 2017, save and except for the deviation from Code Provision A.2.1 of the Corporate Governance Code disclosed below.

Code Provision A.2.1 of the Corporate Governance Code stipulated that the roles of the chairman and the chief executive officer of the Company should be separated and should not be performed by the same individual. The roles of the chairman and chief executive officer of the Company are both performed by Mr. Ou Zonghong, an executive Director. The Board believes that vesting the roles of both chairman and chief executive officer in the same individual enables the Company to achieve higher responsiveness, efficiency and effectiveness when formulating business strategies and executing business plans. Furthermore, in view of Mr. Ou Zonghong’s extensive industrial experience and significant role in the historical development of the Group, the Board believes that it is beneficial to the business prospects of the Group that Mr. Ou Zonghong continues to act as the chairman and chief executive officer of the Group, and that the balance of power and authority is sufficiently maintained by the operation of the Board, comprising the executive Directors and independent non-executive Directors.

AUDIT COMMITTEE

The Board has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with the Corporate Governance Code. The terms of reference of the Audit Committee has been uploaded to the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.rongxinggroup.com).

The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal control system of the Group, oversee the audit process, provide advice and comments to the Board and perform other duties and responsibilities as may be assigned by the Board. The Audit Committee consists of three members, namely Mr. Qu Wenzhou, Mr. Lo, Wing Yan William and Mr. Ren Yunan, each of whom is an independent non-executive Director. The chairman of the Audit Committee is Mr. Qu Wenzhou who possesses appropriate professional qualifications.

REVIEW OF ANNUAL RESULTS

The Audit Committee has reviewed, and has agreed with the auditor of the Company on, the Group's annual results for the year ended 31 December 2017.

AUDITOR

The financial figures in the preliminary announcement of Group's results for the year ended 31 December 2017 (to the amounts set out in the Group's consolidated financial statements) have been agreed by PricewaterhouseCoopers, the auditor of the Company, who shall retire at the AGM. A resolution will be proposed at the AGM for the re-appointment of PricewaterhouseCoopers as the auditor of the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors, as at the date of this announcement, the Company has maintained a sufficient public float of more than 25% of the Company's issued share capital as required under the Listing Rules.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) as well as the website of the Company (www.rongxingroup.com). The annual report of the Company for the year ended 31 December 2017 will be dispatched to Shareholders and made available on the websites of the Stock Exchange and the Company in due course.

By Order of the Board
Ronshine China Holdings Limited
Ou Zonghong
Chairman

Hong Kong, 23 March 2018

As at the date of this announcement, Mr. Ou Zonghong, Mr. Wu Jian, Mr. Lin Junling and Ms. Zeng Feiyan are the executive Directors; and Mr. Qu Wenzhou, Mr. Lo, Wing Yan William and Mr. Ren Yunan are the independent non-executive Directors.

* *for identification purposes only*