GUANGZHOU R&F PROPERTIES CO., LTD.

Stock code: 2777

Annual Report 2018

About R&F

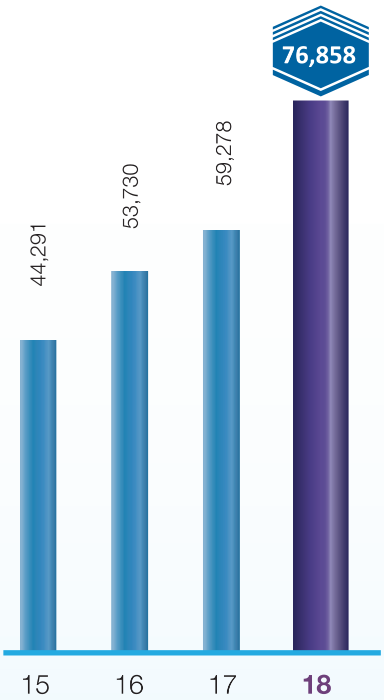
As one of China's largest and most well-known property developers, Guangzhou R&F Properties Co., Ltd. ("R&F" or the "Company", together with its subsidiaries, collectively the "Group") is a major player in the country's drive towards urbanization. Our core business lies in mass residential property development on a variety of scales. As of the end of 2018, the Group's attributable land bank was approximately 57.83 million sq.m. across 96 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 2019, the Group has become the largest owner of deluxe hotels globally, with 89 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.

Contents

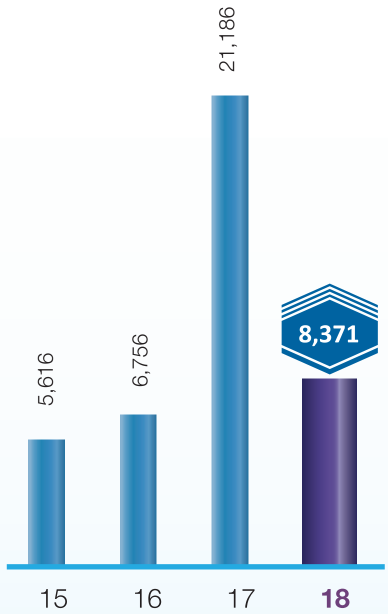
FINANCIAL HIGHLIGHTS

	2018	2017	% changes
OPERATING RESULTS (RMB'000)			
Revenue	**76,857,682**	59,277,855	30%
Gross profit	**27,949,509**	20,962,301	33%
Profit for the year attributable to owners of the Company	**8,371,237**	21,186,451	-60%
Basic earnings per share (RMB)	**2.5979**	6.5748	-60%
Dividends per share (RMB)	**1.23**	1.10	12%
FINANCIAL POSITION (RMB'000)			
Cash	**34,706,564**	32,214,749	8%
Total assets	**366,193,930**	298,108,940	23%
Total liabilities	**296,333,346**	233,215,286	27%
FINANCIAL RATIOS			
Net assets per share (RMB)	**21.2**	19.1	11%
Dividend payout ratio (%)	**47.3**	16.7	183%
Return on equity (%)	**13.0**	38.4	-66%
Net debt to total equity ratio (%)	**184.1**	169.6	9%

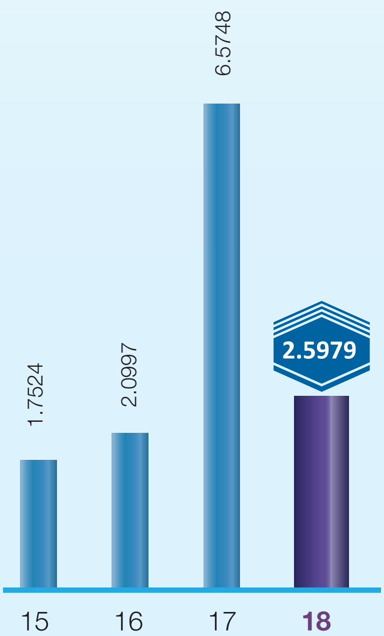
Revenue
RMB (in million)



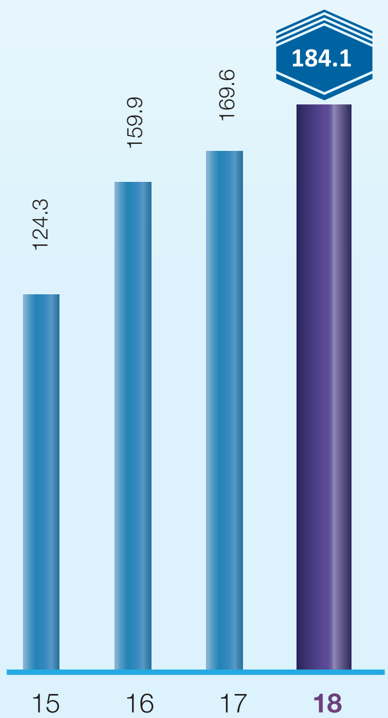
Profit attributable to owners of the Company
RMB (in million)



Basic earnings per share
RMB



Net debt to total equity ratio
%



“Strategic Land Acquisitions and Abundant Land Bank Resources Position the Group for Long-Term Sustainability and Growth...”

For the financial year ended 2018, it was a challenging period in terms of macroeconomic stability and overall financing conditions which required the Group to focus on achieving internal targets and meeting financial obligations. In 2018, despite an unstable market outlook and financing uncertainties, the Group successfully achieved its key operating objectives of RMB130 billion attributable contracted sales target and 6.5 million sq.m. of attributable GFA delivery. Actual attributable contracted sales achieved was RMB131.1 billion, representing 10.18 million sq.m. of attributable GFA sold, at an average selling price of RMB12,900 per sq.m., representing year-on-year growth of 60% and 61% in terms of attributable value and attributable GFA, respectively. The strong contracted sales growth was testament to the strength of the Group's sales team nationwide amidst a difficult operating environment and locks in about RMB78 billion of unrecognised contracted sales available for delivery in 2019 and subsequent years to maintain sustainability of earnings. Another testament to the strength of the Group was brand credit, with over RMB28.2 billion of domestic corporate bonds and super & short-term commercial papers redeemed and refinanced in 2018 as well as successfully issuing over RMB23.8 billion of domestic corporate bonds, super & short-term commercial papers and asset securitization products, particularly as significant credit tightening in 2018 constrained an overall ability to raise any form of domestic financing. Having navigated a challenging operating environment in 2018 and further favourable macro conditions heading into 2019, the Group has significantly improved its credit position, and with an abundant land bank and saleable resources, has set an attributable contracted sales target of RMB160 billion in 2019.

STRENGTH-TO-STRENGTH CONTRACTED SALES GROWTH AND SALES DELIVERY

Over the past few years, the Group has focused on contracted sales growth, scale and profitability. The Group recorded attributable sales growth of 35% p.a. and 60% p.a. in 2017 and 2018, respectively, one of the highest amongst our peer group, and has set an attributable contracted sales target of RMB160 billion for 2019, or growth of 22% p.a., moderately lower versus recent years but still one of the highest amongst peers. To achieve the contracted sales target, the Group has over RMB300 billion of saleable resources comprising over 200 projects for sale in 2019. In recent years, the growth in scale and contracted sales has in part resulted from a faster asset turn and shorter project cycle in order to maintain an efficient capital structure. An increasing number of projects were able to secure presale permits within a year of construction starts, which provided positive cash flow to ensure certain projects were prefunded for completion with lowered development risk.

GFA delivery in 2018 was 6.11 million sq.m., up 30%, which is expected to increase year-on-year as the Group continues to achieve higher contracted sales in the preceding year. The increase in sales delivery is the underlying determinant of the Group achieving higher financial profits in 2018 as revenue was up 30% to RMB76.9 billion and gross profit was up 33% to RMB27.9 billion. In 2019, the Group has set a delivery target of 9.2 million sq.m. of GFA on the back of undelivered sales and higher contracted sales target. However, if property markets are volatile or there is a change in sentiment, one of the mitigating strategies is to adjust new starts, construction expenditure and delivery pipeline to manage cashflows.

STRONG FINANCIAL MANAGEMENT AND BRAND CREDIT

Heading into 2018, the Group had potential financing needs which ultimately materialised as credit markets turned negative and liquidity tightened. The Group had US$800 million of offshore USD senior notes that were maturing and needed to be redeemed or refinanced. In addition, there were RMB26.2 billion of China domestic bonds with maturities beyond 2018 that had investor put options arising in the second and third quarter. The Group faced increasing pressures to address debt maturities as compared to last year as interest rates were rising and liquidity tightened and the markets saw defaults of offshore and onshore maturities that further magnified the negative sentiment to high leverage companies and reduced the ability for new debt issuances.

Amidst the backdrop of overall credit environments, through accelerating collection of operating cash, managing cash outflow prudently, controlling the pace of land bank acquisition and actively expanding financing channels, the Group successfully navigated all debt maturities faced in 2018 that included maturing USD denominated bonds, domestic corporate bonds which investors exercised put options and bank loans. In 2018, the Group successfully issued domestic corporate bonds of RMB14.3 billion, super & short-term commercial papers of RMB8.2 billion and asset securitization products of RMB1.4 billion with coupons between 5.3% to 7.7%, which demonstrated the Group's credit strength and brand recognition with relationship banks and credit investors. The Group has strong long-term relationships with a number of financial institutions including commercial banks that continue to show support to extend construction loans for development and secured loans for refinancing.

CONTINUED ACCESS TO INTERNATIONAL CAPITAL MARKETS AND BROADENING CHANNELS OF FINANCING

Outside China, the Group continued to see support from credit investors to invest in new USD senior notes and secure financing at the project level. In 2018, the Group issued US$1,750 million senior notes with coupons between 5%-8.875%. The increase in coupon rates reflected an increase in interest rate environments globally as investors cost of capital increased that coincided with heightened concerns of credit tightening in China as issuance of China domestic bonds also decreased and higher occurrences of defaults. This saw the Group issuing 3-year bond tenors in order to mitigate higher costs associated with longer tenors and balance out financing needs.

Another successful strategy for the Group was opening up new lines of financing such as syndicated loans and project financing. In 2018, the Group was able to attract and secure funding for overseas projects which had been difficult in the past. The ability to secure new forms of financing not only alleviated cash at the Group level but broadened access to other forms of funding channels. The Group also actively expanded the financing channel with domestic asset securitization products and successfully issued the first Commercial Mortgage-Backed Securities (CMBS) product using a logistic park in China and the first phase of supply chain Asset-Backed Securities (ABS) product in 2018. In future, the Group will actively expand the asset securitization of commercial properties such as hotels. The Group will continue to seek alternative funding for its projects to lower funding costs which has the added benefit of being capitalized within the project to offset other non-operating related costs.

STRONG SHAREHOLDER SUPPORT AND SHARE ISSUANCE PLANS

In 2018, the Group underwent a significant exercise of engaging its shareholders to seek approval for application of new H-shares and used this opportunity to engage shareholders for feedback on the Group's performance and direction. As a Hong Kong listed H-share company, the Group is restricted from issuing any form of equity without the prior approval of China Regulatory Securities Commission ("CSRC"). In order to further optimize the capital structure, lower the leverage ratio, improve the Company's credit rating prospects and strengthen the financing ability, the Group has made a submission to the CSRC in 2018 on the application of new issuance of H-shares.

As the applied issuance size was larger than the general mandate permitted under the Hong Kong Listing Rules, the Group held an extraordinary general meeting (the "EGM") to seek approval from all classes (domestic shares and H-shares) of shareholders to approve the submission. In particular, it was critical to successfully obtain a two-thirds majority within the H-class of shareholders in order to proceed with the submission. Given the contemplated application of H-shares was significant in size and dilution impact to H-class shareholders, the Group's management underwent an exercise of engaging key shareholders, investment community, analysts and potential shareholders to obtain feedback and explain the transaction rationale. It was particularly important that shareholders understood the long-term benefits of undertaking such a share issuance and use of proceeds would enhance value in order to continue to support management's decision to proceed with the application. At the EGM, the Group received support from over 80% of voting H-class shareholders which highlighted shareholders were in alignment with the strategic direction of management and overwhelming support of the new H-share issuance. The Group has proceeded with the application to the CSRC and awaiting approval. Separately, the Group continues to maintain a pending application for an A-share listing in China.

CONSOLIDATING THE GROUP'S LEADERSHIP IN HOTEL DEVELOPMENT AND FURTHER EXPANSION

Post the acquisition of Wanda Group's 74 hotel portfolio in November 2017, the Group has owned and consolidated the revenue and operations of 71 hotels of the acquired hotel portfolio for a full financial year. Including the Group's existing completed hotels of 18, there are 89 operating hotels owned by the Group. During 2018, the Group continues to see improvement from the hotel segment as hotels mature in terms of occupancy, hospitality services and hotel cost management. After consolidating the acquisition, hotel revenue has increased to RMB7.03 billion from RMB2.38 billion in 2017. In line with hotel revenue growth, net operating profit (excluding finance costs and depreciation) increased 181% for the Group.

The Group has built up an unparalleled portfolio of internationally recognised branded luxury hotels to become globally the largest owner of assets in this class. With a strategic competitive advantage and operating growth potential, management sees significant upside from rationalising costs, usage conversions, rebranding and promoting brand loyalty across the entire portfolio of managed hotels.

BUSINESS HIGHLIGHTS OF 2018

The Group made significant progress in 2018 in terms of contracted sales and revenue with contracted sales of RMB131.1 billion, up 60% year-on-year, and RMB76.9 billion, up 30% year-on-year, respectively. The significant increase in contracted sales were across all key regions with the strongest growth contribution from Central Southern China (up 135%), Northwestern China (up 86%), and Northern China (up 73%), in terms of sales value. The increase in these key regions primarily resulted from an increase in available saleable resources and number of projects available for sale. Specifically, cities which performed particularly well and were major sales contributors included Taiyuan, Chongqing, Tianjin, Hainan, Beijing, Huizhou, Baotou, Shanghai and Ningbo. In 2018, the number of projects under development, available for sale and due for completion across all cities grew to 155, up from 88 projects, or up 76%, highlighting the Group's increasing strong presence in China.

In 2018, land acquisitions were more subdued due to a tightened credit environment coupled with the Group having to address domestic bond redemptions late in the first half. In terms of land acquisitions, the Group acquired RMB37.1 billion of land bank with GFA of 14.05 million sq.m. across 61 parcels of land for an average price of RMB2,600 per sq.m., which compares to RMB58.4 billion in 2017. Despite a slower pace of acquisition, the Group has sufficient land bank and saleable resources to sustain growth outlook in 2019 and medium-term. As at the end of 2018, the Group had attributable land bank of 57.83 million sq.m. of GFA for sale across 96 cities in China and other overseas projects. The Group's land bank in China is dispersed over 6 key regions; Southern China, Northern China, Northwestern China, Eastern China, Central Southern China and Hainan.

As property development cycles become shorter and the Group diversifies exposure to mitigate sector risk and city concentration, the focus has been on quicker asset turn and smaller project sizes. In 2018, there were 61 new lands acquired, of which the Group launched sales in 20 projects that immediately provided contribution to contracted sales. The ability to shorten the asset cycle and reduce the time to pre-sales greatly reduces the risk to market and significantly improves the cash flow profile of the project to benefit the Group's liquidity.

Gross profit margins in 2018 overall increased and continued to hold firm at above 36%, one of the highest in the industry, even as the Group expanded into new cities and increased the number of projects. The consistency of land acquisition standards and discipline in development cost structure has proven effective in ensuring the growth in scale and expansion has not diluted the profitability of projects under development and for completion. The Group will continue to seek opportunities to build and replenish land bank prudently as expected margins will continue to come under pressure from new projects which are in line with overall trends.

THE OUTLOOK FOR 2019

CONTINUE PRUDENT AND STABLE EXPANSION SUPPORTED BY STRONG FINANCING MARKETS

Management expects the outlook in 2019 to continue to be challenging as global concerns from economic trade tensions between the U.S. and China and fallout of Brexit will continue to create overhang for global growth, affecting investment decisions and return expectations. Fluctuations in the RMB will also be a factor with the recent strengthening of the currency against a slower increase in U.S. interest rates will see global capital flows adjust accordingly.

Amidst the backdrop of global economic uncertainties, China has reacted with some policy easing targeting the property sector and loosened financial liquidity which has indirectly benefited the Group. In China, the Group managed to issue additional domestic bonds at longer tenors to alleviate short-term liquidity concerns as China's Central Bank lowered deposit reserve ratios and the National Development Reform Commission announced formal notices promoting a more stable development of debt markets that favour issuances by higher credit profile companies such as the Group.

In 2019, the Group will continue to focus on monetising its low-cost land bank, project pipeline and abundant saleable resources whilst prudently managing financial liquidity. With a sizeable land bank of 57.83 million sq.m. acquired at below today's market prices, the Group is well-positioned to navigate any volatilities in China's property market by managing its sales and land banking strategy. Land banking will continue in 2019 in line with overall sales and available liquidity generated through cash collections and financing. The beginning of 2019 has seen a strong market for offshore debt issuance with issuance in the first quarter from property companies set to be a record amount, whereby, the Group has taken advantage of favourable market conditions to issue US$1.8 billion of USD senior notes of up to 5-year tenors to refinance a significant amount of near-term debt. With investors concerned about volatility in equity markets and keen to lock-in fixed returns, management expects the offshore debt market will continue to present windows of opportunity to further term out the debt maturity profile. In addition, in January 2019, the Group had a total of RMB9.6 billion of domestic corporate bonds which meet the conditions of exercising the put options, but after adjusting coupon rates and resale, practically all of the domestic corporate bonds were extended to maturity.

MAINTAIN HIGH CONTRACTED SALES PROFILE AND DELIVER EARNINGS GROWTH

The Group has set a higher attributable contracted sales target of RMB160 billion, or 22% growth versus 2018 achieved contracted sales. The increase in contracted sales will be reliant on a higher project pipeline of over 200 projects available for sale, RMB300 billion in saleable resources, and over 12 million sq.m. of new starts. As at the end of 2018, the Group has RMB120 billion of saleable resources immediately available for sale starting in 2019. Management will look to accelerate the availability of resources and obtain presale permits in order to generate cash flow from presales and lock-in future revenue.

In terms of earnings recognition and delivery, management has increased the delivery target for 2019 to 9.2 million sq.m., or up 51%. The increased delivery reflects a larger amount of GFA under construction resulting from RMB78 billion of sales sold to date but yet to be delivered resulting from the 60% increase in contracted sales in 2018. As the contracted sales targets are increased and met each year, the Group will continue to have sufficient available locked in earnings for future realisation that will ensure a sustainability in earnings.

ACKNOWLEDGEMENTS

The Group's management continues to operate professionally and maintain a high standard of management expertise leveraging off past experiences and knowledge to achieve the highest possible outcome despite market uncertainty. After setting optimistic goals and internal targets, senior management has again delivered a strong performance and set of financial results in 2018 whilst managing risks and making key decisions on behalf of the Group's shareholders. Our Directors and senior management will continue to manage the Group in the interest of its shareholders and set strategic objectives which are without its associated risks. Hence, I would like to extend our sincere appreciation to our existing and future shareholders for their confidence in management to act on their behalf, in particular in 2018 as there were certain decisions that actively required their support in order for management to proceed.

To all our staff and key personnel, I would also like to thank them for their dedication and perseverance in staying their course such that collectively the Group is able to meet all our internal objectives. Led by our Directors, project managers, and regional heads, I hope everyone will continue to maintain the same level of patience and focus as we head into 2019. It is expected to be a challenging 2019, but as proven time and time again in the past, collectively we can overcome all adversities and have yet another successful financial year.

Li Sze Lim
Chairman

Zhang Li
Co-chairman and Chief Executive Officer

CONTRACTED SALES

The Group's attributable contracted sales in 2018 were RMB131.1 billion, increased 60% year-on-year. The contracted sales were generated from 155 projects in 25 provinces (including municipalities and autonomous regions) across 6 regions of China (Northern China, Southern China, Eastern China, Northwestern China, Central Southern China and Hainan) and 3 overseas countries. On a province basis, contracted sales of Guangdong, Shanxi, Zhejiang, Jiangsu, Chongqing, Tianjin, Hebei, Hainan, Beijing and Inner Mongolia were the highest top 10, which contributed approximately RMB89.8 billion, accounting for 69% of total attributable contracted sales of the Group. On the year-on-year growth basis, Jiangxi, Shandong and Hebei experienced the most significant growth, with year-on-year growth of 875%, 380% and 273% respectively. In 2018, the Group launched, in total, 62 new projects, accounting for 21% of total contracted sales of the Group. Attributable contracted sales of the Group in terms of GFA increased by 61% to 10,180,100 sq.m. from 6,324,200 sq.m., and the average selling price in 2018 was RMB12,900 per sq.m., largely in line with 2017.

Details of the Group's 2018 attributable contracted sales by geographical distribution are set out below:

Region	Area	Approximate attributable saleable area sold (Thousand sq.m.)	+/- vs. 2017 (%)	Approximate attributable total value (RMB million)	+/- vs. 2017 (%)
Northern China	Tianjin	485.6	39%	6,800.7	20%
	Hebei	572.2	343%	6,285.2	273%
	Beijing	148.2	51%	5,899.6	34%
	Shandong	440.9	252%	4,903.5	380%
	Heilongjiang	168.6	-21%	2,415.4	-17%
	Liaoning	205.9	106%	1,994.8	158%
	Henan	109.4	68%	1,555.0	98%
Southern China	Guangdong	1,264.5	-1%	16,282.7	-1%
	Chongqing	819.3	120%	7,371.7	159%
	Guizhou	264.7	143%	3,044.6	205%
	Sichuan	96.3	-22%	909.4	-9%
	Guangxi	29.4	-33%	374.6	-30%
Eastern China	Zhejiang	664.2	54%	12,245.4	71%
	Jiangsu	597.6	66%	8,459.6	57%
	Shanghai	78.6	-23%	4,359.1	19%
	Anhui	368.8	90%	2,751.1	111%
Northwestern China	Shanxi	1,290.5	41%	14,761.2	75%
	Inner Mongolia	698.8	97%	5,744.6	101%
	Shaanxi	247.4	75%	2,572.8	107%
	Xinjiang	18.8	N/A	221.2	N/A
Central Southern China	Fujian	359.0	60%	4,677.9	44%
	Jiangxi	359.5	893%	3,859.1	875%
	Hunan	107.6	54%	889.0	36%
	Hubei	90.8	N/A	695.6	N/A
Hainan	Hainan	377.1	15%	5,947.1	21%
Overseas	Malaysia	186.1	25%	3,849.7	27%
	Cambodia	115.3	N/A	1,554.6	N/A
	Australia	15.0	49%	630.9	37%
Total		**10,180.1**	**61%**	**131,056.1**	**60%**

Region	Approximate attributable saleable area sold (Thousand sq.m.)	+/– vs. 2017 (%)	Approximate attributable total value (RMB million)	+/– vs. 2017 (%)
Northern China	2,130.8	97%	29,854.2	73%
Southern China	2,474.2	28%	27,983.0	28%
Eastern China	1,709.2	57%	27,815.2	59%
Northwestern China	2,255.5	60%	23,299.8	86%
Central Southern China	916.9	178%	10,121.6	135%
Hainan	377.1	15%	5,947.1	21%
Overseas	316.4	99%	6,035.2	73%
Total	**10,180.1**	**61%**	**131,056.1**	**60%**

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 17,712,000 sq.m. of GFA under development, and during the year started construction of approximately 21,762,000 sq.m. GFA. During the year, the Group completed 8,905,000 sq.m. GFA of development properties with 7,032,000 sq.m. of saleable area, and completed 333,000 sq.m. attributable GFA of investment properties. By the end of 2018, the Group's GFA under development had increased by 71% to approximately 30,236,000 sq.m.. This GFA of properties under development at year-end together with further planned construction newly starts in 2019, is expected to make available pre-sale permits for properties with an approximate value of RMB300 billion, which should provide a solid basis for meeting the Group's sales target for 2019.

The following is the position as at 31 December 2018:

Area	Approximate attributable GFA (sq.m.)	Approximate attributable saleable area (sq.m.)
Southern China	6,071,000	4,671,000
Central Southern China	3,012,000	2,367,000
Eastern China	4,701,000	3,320,000
Northern China	7,592,000	5,522,000
Northwestern China	5,453,000	3,813,000
Hainan	1,551,000	1,232,000
Overseas	1,856,000	1,207,000
Total	**30,236,000**	**22,132,000**

LAND BANK

In 2018, 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 61 plots of land in 49 cities and regions with additional saleable area of approximately 14,049,000 sq.m. in 2018, 32 out of the 61 plots of land are located in the cities and regions where the Group currently has operations and 29 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 69,511,000 sq.m. and attributable saleable area 57,827,000 sq.m., distributed across 96 cities and regions in China and overseas cities. Details are given below:

Location	Approximate attributable total GFA (sq.m.)	Approximate attributable saleable area (sq.m.)
Development Properties		
Southern China	13,542,000	11,874,000
Central Southern China	7,687,000	6,994,000
Eastern China	7,155,000	5,261,000
Northern China	16,185,000	13,586,000
Northwestern China	12,841,000	11,126,000
Hainan	3,326,000	2,987,000
Overseas	6,607,000	4,029,000
Sub-total	**67,343,000**	**55,857,000**
Investment Properties	**2,168,000**	**1,970,000**
Total	**69,511,000**	**57,827,000**

PROPERTY INVESTMENT

The Group's investment properties portfolio mainly located in tier-1 and tier-2 cities, including Grade-A office buildings, shopping malls, various retail properties, logistic parks and etc.. The Group's investment properties portfolio as at 31 December 2018 is approximately 3,992,000 sq.m. in total GFA, among which GFA of investment properties under operation is approximately 1,879,000 sq.m., and GFA under development or planning is approximately 2,113,000 sq.m..

HOTEL OPERATION

As of 31 December 2018, the Group currently has 89 hotels under operation, with total GFA 3,903,600 sq.m. and 26,865 hotel rooms. The 89 hotels are managed by the well-known hotel management groups such as Marriott International, Inc., InterContinental Hotels Group, Hilton Worldwide Holdings Inc., Hyatt Hotels Corporation, Accor Hotels, Wanda Hotels and Resorts Co., Ltd. and other hotel groups. The Group became the largest deluxe hotel owner globally with 37 hotels under development and planning, 89 hotels under operation, totally 126 hotels.

OUTLOOK

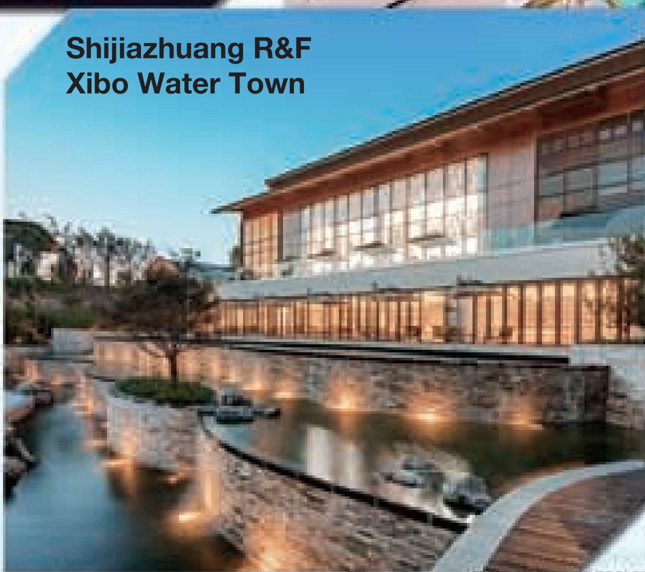
For 2019, the Group's attributable contracted sales target has been set at RMB160 billion, approximately 22% more than its actual contracted sales for 2018. This target will be achieved from sales of over 200 projects, RMB300 billion in saleable resources. For 2019, the Group plans to deliver approximate 9,225,000 sq.m. saleable area of development properties. The details are set out below:

Location	To be completed in 1st half of 2019 Approximate GFA (sq.m.)	To be completed in 1st half of 2019 Approximate saleable area (sq.m.)	To be completed in 2nd half of 2019 Approximate GFA (sq.m.)	To be completed in 2nd half of 2019 Approximate saleable area (sq.m.)	To be completed in full year of 2019 Approximate GFA (sq.m.)	To be completed in full year of 2019 Approximate saleable area (sq.m.)
Southern China	787,000	608,000	1,887,000	1,542,000	2,674,000	2,150,000
Central Southern China	516,000	420,000	730,000	571,000	1,246,000	991,000
Eastern China	1,095,000	814,000	1,486,000	1,086,000	2,581,000	1,900,000
Northern China	808,000	694,000	1,502,000	1,214,000	2,310,000	1,908,000
Northwestern China	648,000	598,000	1,388,000	1,292,000	2,036,000	1,890,000
Hainan	47,000	47,000	146,000	116,000	193,000	163,000
Overseas	21,000	6,000	286,000	217,000	307,000	223,000
Sub-total	**3,922,000**	**3,187,000**	**7,425,000**	**6,038,000**	**11,347,000**	**9,225,000**
JV (Attributable)	200,000	151,000	106,000	77,000	306,000	228,000
Investment Properties (Attributable)	224,000	224,000	84,000	82,000	308,000	306,000
Total	**4,346,000**	**3,562,000**	**7,615,000**	**6,197,000**	**11,961,000**	**9,759,000**

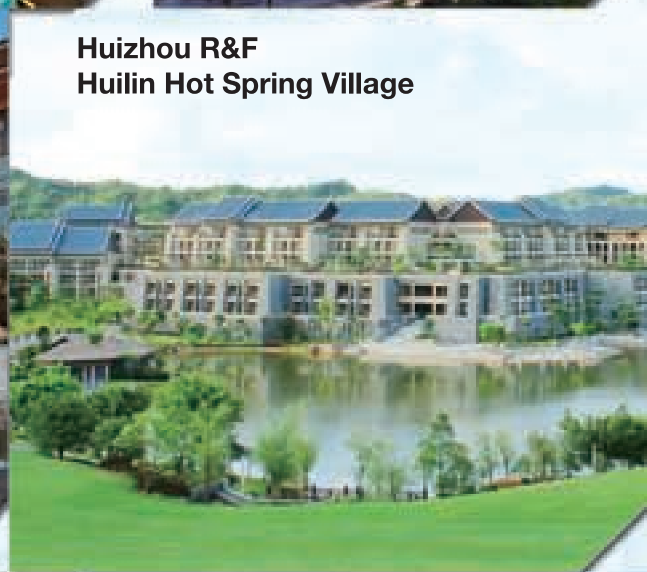
Guangzhou R&F
Global Merchandise City

Guangzhou R&F
Tianhaiwan

Jiangmen R&F
Golden Jubilee Garden



Shijiazhuang R&F
Xibo Water Town



Huizhou R&F
Huilin Hot Spring Village

Ningbo R&F
Yuguanshan

Dongying R&F
Shengyue Court


Anshan R&F Kaixuanmen


Tieling R&F Four Seasons Peninsula


Meizhou R&F City

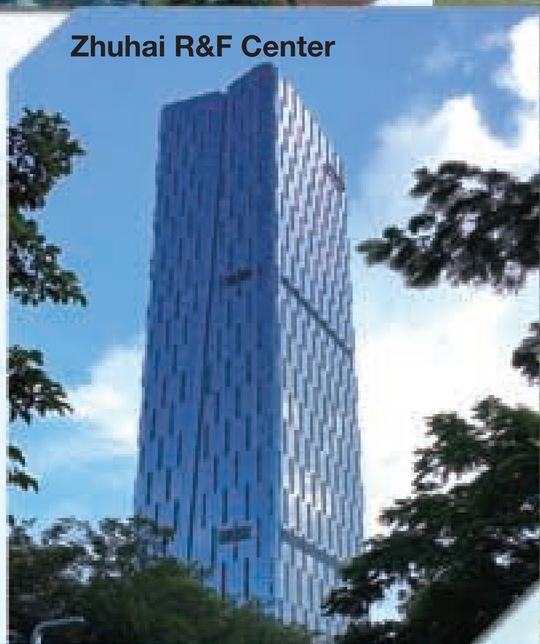

Qingdao Business Park


Guangzhou Tianying Plaza


Foshan R&F International Finance Corporate


Hainan R&F
Yuehaiwan


Xiangtan Xiangjiang R&F City


Zhuhai R&F Center


Huhhot R&F
Prosperous
Palace


Tangshan R&F
Shengyue Court

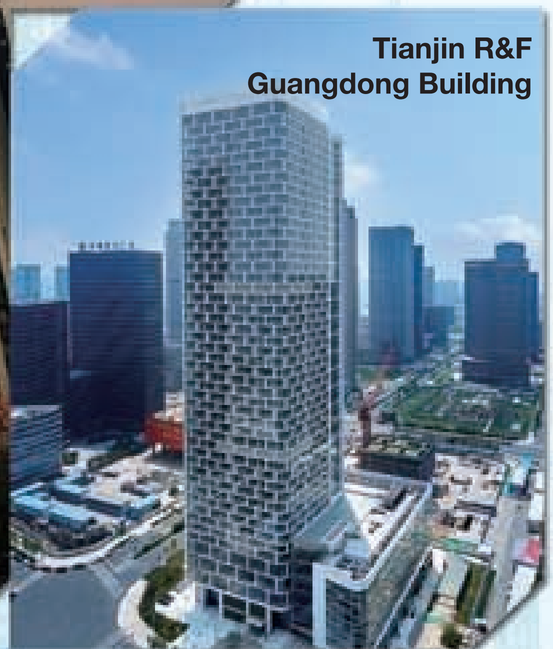

Cambodia Phnom Penh R&F City

Guiyang R&F Center

Yueqing R&F Central Park

Shanghai R&F Hongqiao No. 10

Zhengzhou Wulong New Town



Tianjin R&F Guangdong Building

Australia Brisbane R&F Maison

Australia Melbourne R&F Prospect

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, Guizhou and Yunnan;
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
Ningxia
Shanxi
Shandong
Henan
Jiangsu
Shaanxi
Anhui
Hubei
Shanghai
Chongqing
Zhejiang
Hunan
Jiangxi
Fujian
Guangxi
Guangdong
Hainan
Northern China
Eastern China
Central Southern China
Southern China

KOREA
CAMBODIA
AUSTRALIA
MALAYSIA

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 2018. Investor relations of the Group is committed to keep close contact with investment community, maintain long-term relationship with existing shareholders and bond investment institutions, also contact and expand the potential investment institutions constantly. Through an active and open dialogue, we regularly provide updates on our operations and financial position clearly. 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 2017 Annual Results and the 2018 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 many 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. During the year, we met industry analysts more than 1,000 person-time.

In regard to regular information disclosure, the Company complies with the requirement of the Stock Exchange and discloses respective announcements timely and accurately; 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. In addition to regular disclosures, the Company has an active investor meeting calendar and open dialogue with the capital community to highlight key messages and explain in further detail any concerns or clarifications that are not clear. In the event of specific requests, the Company allocates the time to make sure investors are well responded to with direct and accurate information on a timely basis. Lastly, there are times when certain messages where investors may not have been immediately aware but deemed important for their assessment, the Company will take the next availability opportunity to point out to investors.

In regard to communication and interaction with investors, the Company has facilitated regular investor site visits, engaged in face-to-face meetings, held conference calls, and participated in investor conferences and forums to make available ourselves for every opportunity to interact 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 as well as how the Company will respond to future challenges. In 2018, we attended over 30 global conferences, post-result analyst meetings, and NDR in Asia, Europe and the U.S..

At the end of 2018, the Company held an Extraordinary General Meeting for the proposal of issuance of H-shares to solicit shareholders' support and vote. We convened industry analysts to meet with the Chairman in a short period of time, and continue to follow up the communication and explanation, so as to enhance the industry's understanding of the Company's plan. At the same time, we made sufficient and repeating communications with the identified shareholders intensively, met them in Hong Kong, Singapore and other places, and held conference calls with European, American and Indian institutions, engaged in pre-voting communication and lobbying work. As a result, the Company gained the support from shareholders, and the supportive voting rate was over 80%. All resolutions were passed.

The Company would like to thank all investors and shareholders who have provided feedback and constructive suggestions to the Company to take onboard, also thank them for their long-term support for our Company. 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.

Month	Conference/Roadshow
January	• Deutsche Bank ("db") Access China Conference 2018 (Beijing) • United Bank of Switzerland ("UBS") 18th Greater China Conference (Shanghai) • Nomura China Property Corporate Day 2018 (Hong Kong)
March	• Post-result NDR with UBS (Hong Kong) • Post-result NDR with Citibank ("Citi") (Hong Kong) • Post-result NDR with J.P.Morgan ("JPM") (Hong Kong) • Post-result NDR with Hong Kong and Shanghai Banking Corporation Limited ("HSBC") (Singapore)
April	• UBS HK/China Property Conference 2018 (Hong Kong)
May	• Macquarie Greater China Conference 2018 (Hong Kong) • dbAccess Asia Conference 2018 (Singapore) • Morgan Stanley's Fourth Annual China Summit (Beijing)
June	• CGS-CIMB HK/China Property Corporate Day 2018 (Hong Kong) • Haitong International Securities Group Limited ("HTI") Property Corporate Day (Hong Kong) • HSBC 2nd Annual Asia Credit Conference (Hong Kong) • Citi's Asia Pacific Property Conference 2018 (Hong Kong)
August	• Post-result NDR with Commerce International Merchant Bank ("CIMB") (Hong Kong) • Post-result NDR with HSBC (Hong Kong) • Post-result NDR with JPM (Hong Kong) • Post-result NDR with HSBC (Singapore)
September	• HSBC Global Emerging Markets Investor Forum (London) • Post-result NDR with HSBC (London) • Post-result NDR with HSBC (New York)
October	• Merrill Lynch (Asia Pacific) Limited (a subsidiary of Bank of America Merrill Lynch) ("BAML") Asia High Yield Credit Conference (Hong Kong)
November	• Daiwa Capital Markets Hong Kong Limited Investment Conference Hong Kong 2018 (Hong Kong) • 13th Citi China Investor Conference 2018 (Macau) • Morgan Stanley Seventeenth Annual Asia Pacific Summit (Singapore) • Investor Meeting arranged by China International Capital Corporation Limited ("CICC") (Hong Kong) • Investor Meeting arranged by Goldman Sachs (Asia) L.L.C. ("Goldman Sachs") (Singapore)
December	• Nomura HK China Property Day 2018 (Hong Kong) • Investor Conference arranged by Goldman Sachs (Hong Kong)

ABOUT THE REPORT

This is the third Environmental, Social and Governance ("ESG") report of Guangzhou R&F Properties Co., Ltd. ("R&F Property", "R&F" or the "Company"), which aims at raising stakeholders' understanding of the Company's sustainability strategies as well as the environmental and social performance. The board of directors of the Company has reviewed and approved the report, confirming that the content is accurate, factual and complete.

Report Guideline

The report has been prepared in accordance with the core option of the Global Reporting Initiative's ("GRI") Sustainability Reporting Standards, 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. This report, adhering to the reporting principles of materiality, quantitative, consistency and balance, responds to issues of concern to stakeholders through materiality assessment and data disclosure.

Scope of the Report

This report discloses the Group's performance on environmental and social aspects from 1 January 2018 to 31 December 2018. The social performance data in the report covers the entire Group while the environmental performance data focuses on the Southern China Region covering 82 projects in total (including 49 residential projects, 12 commercial projects and 21 hotels), representing an expansion of the scope from 52 projects in last year's report. The Group is constantly improving its data collection work and will continue to expand its reporting boundary. For an overview of disclosure of performance on each indicator, please refer to the performance data summary and content index at the end of the report.

Feedback

We have taken into consideration interests of different stakeholders in compilation of the report and will continue to do so. We strive to disclose the performance on issues of concern to different stakeholders and to keep the report plain, clear and easy-to-read. We will continue to improve the content and disclosure of the report in the future. If you have any questions or suggestions about this report, please feel free to contact us with details as follow:

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

CHAIRMAN'S MESSAGE

Dear stakeholders,

R&F's sustainability concept is deeply rooted in our core values. Adhering to integrity, responsibility, diligence and patience, we bear our social responsibility of promoting positive symbiosis and sustainable development of the entire Group. Through publishing the third ESG report, we hope to make deeper, broader and more transparent disclosures to the broad range of R&F stakeholders in terms of ESG aspects. This year, in addition to complying with the ESG Reporting Guide of the Hong Kong Stock Exchange, we have also prepared the report for the first time in accordance with the GRI Sustainability Reporting Standards. In addition, we have further expanded our reporting boundary to cover 82 projects throughout the Southern China region this year, a nearly 60% increase compared to last year. We will continue to expand the reporting boundary in an orderly manner in future.

It is the Group's mission to "create value for customers, set benchmarks for the city, provide harmonious environment for the society". We understand that sustainable development requires a focus on different stakeholders, including investors, employees, business partners, supply chains, communities, regulatory authorities and environmental groups, etc.. Therefore, we have embarked upon a stakeholder engagement project this year to understand the sustainability risks and opportunities faced by the Group. We have also aligned our sustainability performance with the Sustainable Development Goals ("SDGs") launched by the United Nations, demonstrating a clearer picture of our sustainability efforts to stakeholders.

We pay attention to every detail of our projects. From quality management, integrity operation to health and safety, each aspect is managed in accordance with a complete set of management approaches. We carefully control every section in the entire value chain, and continuously improve customer satisfaction.

Create Value for Customers

We pay attention to every detail of our projects. From quality management, integrity operation to health and safety, each aspect is managed in accordance with a complete set of management approaches. We carefully control every section in the entire value chain, and continuously improve customer satisfaction. During the year, we continued to focus on the two aspects of project quality management and property quality management to improve product and service quality. The Group's Engineering Supervision and Management Centre has formulated the General Manager Patrol Responsibility System, Project Quality Appraisal Approach, Construction Drawings Review System, Cross-examination System, One-to-One Inspection Implementation Approach, Quality Review System, Project Progress, Quality and Safety and Civilized Construction Reward and Punishment Regulations, R&F Residential Project Maintenance Management Measures and other management systems. Through patrol inspections, key supervision, special quality inspection assessment, cross-checking, benchmarking site and other management measures, we ensure the implementation of various systems, effectively optimising the Group's project quality management. This year, we upgraded our property management regulation and issued the "Property Management Basic Standard 2.0", covering more than 100 operational guidance documents, laying down quality operating standards for the service provision process of our properties. During daily operations, we supervise the hotel management companies' business activities and evaluate the facility safety and service quality of hotels according to industry standards.

Set Benchmarks for the City

In response to the national Green Building Action Plan, the Group adopts green building designs to provide households with green, healthy and pleasant building user experience. During the year, the Group continued to promote projects with Chinese Green Building Evaluation Label and Leadership in Energy and Environmental Design ("LEED") green building certificates. In addition, the Group has implemented effective environmental management policies and systems to ensure continual improvement of environmental performance. We have formulated the "Quality and Environmental Manual" in accordance with international standards, which describes the environmental policies and objectives of the Group, including measures to deal with climate change, management system structure and control requirements. This year, we continued to carry out energy-saving renovation projects in our properties and hotels to mitigate our carbon emissions and water usage.

Build Career for Employees

Talent is a critical asset for the Group's long-term development. We are committed to building a comprehensive supply chain of talent. From the annual survey of personnel needs conducted by the Human Resources Department, the 15th "R&F Star Program", the "Talent Plan", the internal trainer program, to the annual performance appraisal, the Group provides all employees with career development plans that can help them develop their strengths.

Provide a Harmonious Environment for the Society

We focus on helping the disadvantaged communities, propelling youth education development and conserving Chinese traditional culture. We work together with employees, community groups and government organizations to support meaningful community activities and charitable donations, and strive to achieve a win-win situation for business operations and the community.

Along our sustainability journey, we understand that the Group has room for improvement. Looking forward, we will continue to deepen the concept of sustainable development in daily operations, improve the levels of disclosure, and increase the efforts for stakeholder engagement. We look forward to your continued support in our future endeavours, so as to collaboratively achieve positive symbiosis. I sincerely express my gratitude to all our employees, customers, partners, investors, the government and the community for their efforts and backing.

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

20 March 2019

2018 SUSTAINABILITY HIGHLIGHTS

Environment	Awarded with 6 Chinese Green Building Evaluation Labels and LEED green building certificates	Received 2017 China Urban Sustainable Development Driving Awards "Golden Tripod Award" from Real Estate Biweekby
Safety	Safety training exceeded 20,000 person-times, with more than 30,000 training hours in total	Safety training covered multiple business segments such as real estate, construction engineering and property management
Community	Dr. Li Sze Lim, Chairman of the Group, was re-elected as the Honorary President of the Guangzhou Charity Council; Mr. Lu Jing, Executive Director Group, was elected as the Vice President of the Guangzhou Charity Council	Charitable donations reached RMB28,250,000 during the year
Operation	Focused on three aspects, including stress on the "One-to-One Inspection System", conducting customer re-visits and strengthening property maintenance	Issued the "Property Management Basic Standard 2.0", covering more than 100 operational guidance documents
Employee	Held 15th "R&F Star Program"	Provided more than 5,000 training sessions, with an average training hour of 29 hours per person

SUSTAINABILITY MANAGEMENT

The Group understands that balancing the expectations and needs of different stakeholders is the focus of its sustainability strategy. By listening to the demands of our stakeholders and responding to the same, we understand the sustainability risks and opportunities faced by the Group from different aspects and implement ESG measures to bear the social responsibility of promoting positive symbiosis.

Leadership Commitment

R&F's sustainability management is headed by its Board, which oversees the direction and strategy of ESG management. The Group's management is responsible for co-ordination and corresponding departments are tasked with the implementation of ESG measures and internal control systems. Together, we promote the Group's sustainable development and maintain a high standard of corporate governance.

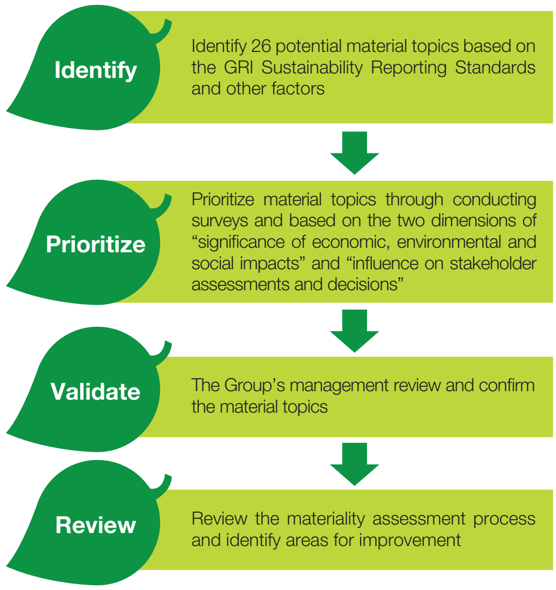
Stakeholder Engagement

R&F regards the expectations and demands of stakeholders as an important factor in formulating its sustainable development strategy. We communicate with a wide range of stakeholders on an ongoing basis through various channels and platforms such as annual reports, meetings and regular dialogues. Their opinions are reflected in this report. The graph below depicts our stakeholder groups and engagement channels.

Materiality Assessment

In order to understand the impact of the Group's business on various sustainability issues, we commissioned an independent consultancy during the year to identify the Group's material topics through the process of identification, prioritization, validation and review.

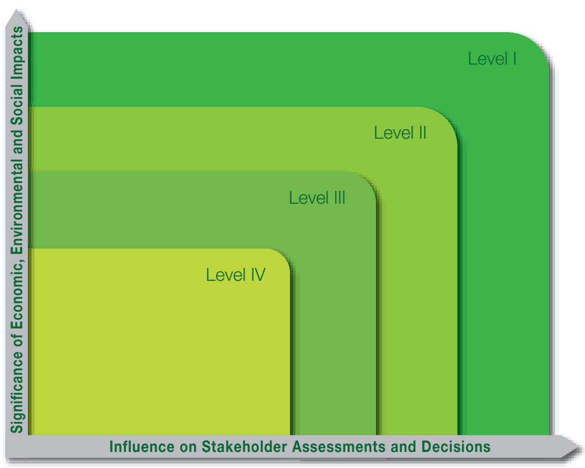
Based on the guidelines of the Stock Exchange of Hong Kong Limited, GRI Sustainability Reporting Standards, peer analysis and media coverage, we identified 26 potential material topics, covering environmental, social and economic aspects. We then invited various stakeholders and representatives of the Group's management to conduct surveys to gather their opinions and expectations on these potential topics.



We have received responses from the management and four of the Group's stakeholders, including customers, employees, suppliers and contractors. Based on the two dimensions of "significance of economic, environmental and social impacts" and "influence on stakeholder assessments and decisions", the Group identified its material topics and determined the following materiality matrix.

Materiality Matrix

The topics in the materiality matrix are categorized into four levels (Level I to Level IV), with topics classified in Level I being identified as the Group's material topics. According to the analysis, R&F's material topics in 2018 include product and service quality management, company economic performance, social and economic compliance, business ethics, anti-corruption, customer satisfaction, economic benefits generated by the Company to the regions where it operates, environmental compliance, and talent management.



Level I
- Product and service quality management
- Company economic performance
- Social and economic compliance
- Business ethics
- Anti-corruption
- Customer satisfaction
- Economic benefits generated by the Company to the regions where it operates
- Environmental compliance
- Talent management

Level II
- Product sales and advertisement
- Resource management
- Training and development
- Occupational health and safety
- Diversity and equal opportunity
- Supplier assessment
- Child labour and forced labour prevention

Level III
- Anti-competition management
- Product health and safety
- Protection of human rights
- Employee communication
- Customer privacy management

Level IV
- Anti-discrimination
- Greenhouse gas management
- Emission management
- Community involvement
- Green building

Responding to Stakeholder Concerns and Sustainable Development Goals[1] (SDGs) of the United Nations

The Group takes proactive measures to support the vision of SDGs and has mapped our material topics to stakeholder concerns and SDGs to align sustainability efforts with the greater sustainable development of the community.

The Group's Vision, Mission and Core Values	Material Topics	Measures and Actions Implemented by the Group in 2018	Corresponding SDGs
To become an operator in pursuit of quality living	**Company economic performance**	• Please refer to "Business Review" and "Financial Review" sections in this annual report	
	Economic benefits generated by the Company to the regions where it operates	• Please refer to "Business Review" and "Financial Review" sections in this annual report	
	– **Product and service quality management** – **Customer satisfaction**	• Implemented the "One-to-One Inspection System", conducted customer re-visits and strengthened property maintenance, actively resolved quality issues for customers • Set up nationwide "400 Customer Hotlines" • Kick started mobile App service	
Responsibility	**Social and economic compliance**	• Complied with all laws and regulations related to employment and occupational health and safety • Evaluated safety performance of the construction team and inspection team • Verified identity cards of all candidates and their labor contracts are based on mutual agreements • Provided all statutory benefits to employees	
	Environmental compliance	• Complied with all environmental laws and regulations, and implemented environmental protection standards at all levels • Participated in Earth Hour 2018 • Carried out a number of energy-saving and water conservation measures	
Integrity	**Anti-corruption**	• Regularly distributed internal promotional publications "R&F Integrity" • Organized a series of anti-corruption activities like "Morality Lectures" • Formulated the Implementation Measures for the Prevention and Investigation of Duty-related Crimes	
	Business ethics	• The tender and procurement process followed nine business ethics principles • Cancelled suppliers' bidding qualifications if there was any non-compliance behaviour • Prohibited any personal contact between employees who are responsible for or involved in the tendering process	
Diligence, Patience	**Talent management**	• Recruited talents through "R&F Star Program", external and internal channels for building a supply chain of talent • Average training hour of 29 hours per person, with a total of 5,000 training sessions	

1 The SDGs are a set of 17 goals launched by the United Nations in 2015 to promote the world's sustainable development. Measurable targets are prescribed to cover a broad range of issues such as eliminating poverty, combating climate change and quality education, etc.

CREATE VALUE FOR CUSTOMERS

We pay attention to every detail of our projects. From quality management, integrity operation to health and safety, each aspect is managed in accordance with a complete set of management approaches. We carefully control every section in the entire value chain, and continuously improve customer satisfaction.

Ensure the Quality of Products and Do a Good Job in Project Quality Management

Pursuing operational excellence is our goal to provide customers with a comprehensive quality commercial and life experience, based on the fact that construction quality is the foundation of our brand reputation. We have been planning and implementing quality management in all our projects, from the initial stage of project design to the implementation of the project.

Implementation Process of Project Quality Management

We have established an Engineering Supervision and Management Centre and formulated various management approaches. We revised and published 10 systems, approaches and regulations such as the Project Quality Appraisal Approach, Safe and Civilized Construction Inspection Appraisal Measures, “One-to-One Inspection” Implementation Approach, Incentive Measures for Government Awards as well as Project Progress, Quality and Safety and Civilized Construction Reward and Punishment Regulations. In addition, we have newly promulgated the R&F Residential Project Maintenance Management Measures and R&F Mutual Inspection Approach of Construction, which stipulate the management of project maintenance of regional real estate companies and property companies. At the same time, we have formulated various management systems and implemented the General Manager Patrol Responsibility System and Quality Review System. Through patrol inspections, cross-checking and special quality inspection assessment, we assure smooth implementation of each management approach. To enhance the level of professionalism of construction management staff, we organized a nation-wide professional capability test for construction management staff during the year and strengthened daily training and assessments based on the results.

Assigning Person-in-charge for the "One-to-One Inspection System"

To designate a person who is accountable for unsatisfactory construction quality

Conducting Customer Re-visits

To understand customers’ views on aspects such as product quality, design, functionalities and maintenance, etc. Feedbacks from customers are communicated to relevant departments for rectification. The problems detected in the quality review will be solved by the Engineering and Technical Department with the construction unit and the property company within a time limit. We will take it as a warning and prevent the reoccurrence of similar quality problems. For problems with improper design and material selection, the Quality Monitoring Team will summarize the problems and provide written feedback to the Group’s design and supply departments for subsequent improvement.

Strengthening Property Maintenance Work

To conduct monthly investigations and customer satisfaction surveys after delivery to assess the timeliness of maintenance

When problems related to construction quality are found, we proactively take responsibility to coordinate various parties for maintenance work. In 2018, we devoted our efforts on three aspects, including stressing on the “One-to-One Inspection System”, conducting customer re-visits and strengthening property maintenance, actively resolving quality issues for our customers.

The Engineering Supervision and Management Centre conducts satisfaction surveys and prepares evaluation digests for projects that have a delivery rate of 80% and are past three months after delivery. Quarterly reports are prepared and submitted to the Chairman of the Board. In the fourth quarter of 2018, we had conducted investigations of 45 properties in 22 cities. Based on the opinions and suggestions put forth by the customers, the Engineering Supervision and Management Centre worked with departments of Construction, Design, Material and Property to formulate and implement corresponding corrective and preventive measures and improvement plans.

Pay Attention to Property Services Quality and Improve Management Level

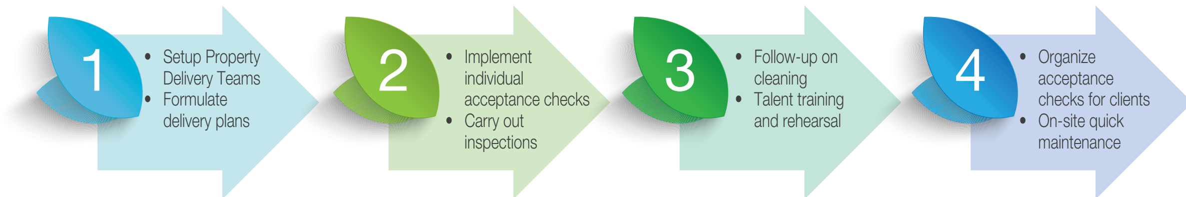
Upon completion of construction projects, the focus of quality management shifts to property services. We have established a Quality Management Centre in our property management system which works with the Property Services Centre and various functional departments to manage the quality of property services. We actively promote refined management by establishing an inclusive and standardized management system with distinguishing features, setting up a three-tier control mechanism, and publishing the "Property Management Basic Standard 2.0". The management system comprises of over 100 guidance documents stating the working standard for each property service process and over 200 quality record forms in categories of General, Customer Service, Construction, Procedure, and Environment, supervising employees to implement the relevant work.

General	Customer Service	Construction	Procedure	Environment
• Case management • Emergency management • Outfit and etiquette • Information transmission • Swimming pools and entertainment facilities maintenance	• Customer information • Reception service • Complaint handling • Customer communication • Instructions on property delivery	• Construction facilities maintenance • Instructions on public facilities maintenance • Instructions on maintenance during delivery	• Safety management • Fire system surveillance • Entrance and exits management • Safety inspection • Risk management	• Sanitation • Greening • Cleaning • Waste disposal • Cleaning supplies management

The Group emphasizes on the importance of property management and service quality and strives to raise the service quality to achieve higher customer satisfaction. Guangzhou Tianli Properties Development Co., Ltd. has obtained the ISO 9001:2015 certification for its quality management system and the ISO 14001:2015 certification for its environmental quality management system. To ensure appropriateness and effectiveness of the management documents, the Group conducts annual reviews to evaluate whether the management system complies with relevant regulations and laws, applicable external standards, requirements from relevant parties and the actual situation of the Company. Adjustments in the documents are made to meet any changes in the above criteria.

Improving Customer Satisfaction

The core value of the Group is to provide quality life and service experience to customers. To address customers' concerns on the delivery process, we have identified and standardized the key processes to ensure smooth delivery. We have established a Property Delivery Team for each project, comprising of representatives from departments of Customer Relationship Management, Construction, Procedure, Environment, Human Resources and Administration, etc. The team holds regular meetings to formulate delivery plans in advance, report to the Quality Management Centre and monitor and follow-up on the implementation status of the following key tasks.



Before delivery, the Construction Department conducts individual acceptance checks. The Property Management Centre examines the operations of public areas, facilities and equipment, and coordinates cleaning work. We also provide training and rehearsal for all staff. During the on-site delivery, we provide various documents to customers, including the "Residential Quality Guarantee", "Residential Instruction Manual", "Renovation Guide" and "Resident Handbook". Our staff leads customers to conduct acceptance checks and record customer feedbacks in detail. Both parties then sign for confirmation for filing purpose. We arrange sufficient on-site maintenance workers to fix any quality problems raised by customers promptly.

Keeping in Touch with Residents

Through smooth, timely and efficient communication with customers, we identify their needs to consistently strengthen customer service experience. Our communication channels include face-to-face contacts in the morning and evening, customer interviews and project visits. Based on the type of properties, we conduct at least one to two visits or phone calls with each unit per year promptly.

Face-to-face Contacts

"Evening welcoming" for residential projects, "Morning greetings" for office projects
- Arrange staff to welcome and greet residents at the main entrance for residential projects in the evening
- Arrange personnel to provide services in various locations of office buildings, including lobbies, escalators and vehicle drop-off points

Customer Interviews

At least one annual interview for each household and one semi-annual interview for each office unit
- Understand customers' overall and detailed evaluation on the performance of the property work
- Listen to customers' needs and opinions, and respond to them within the agreed time
- Gentle reminders to customers on upcoming events, such as community activities, etc.

Project Visits

Arrange visits with specific purposes, such as public affairs communication and fire security inspection
- Introduce purposes of visits to customers
- Explain in detail the matters that need to be coordinated by the customers and the rationality of the issues

The Group attaches great importance to addressing customers' needs. Customers can raise their opinions through multiple channels including front-desks, regional managers, nation-wide "400 Customer Hotlines" or mobile App service. We listen to our customers and solve their demands.

Launching Digitalized Services

We have made use of internet technology to create a smart community and add in intelligent elements. We carry out independent research and development of mobile App of smart community and smart steward, which provides a platform for customers to handle property-related issues, such as payment, maintenance, smart home service and smart surveillance, etc..

Smart property management platform is our internal management platform, providing guidance to workers based on our management standards. The platform provides real-time tracking of issues such as maintenance requests from customers, business management as well as facilities and equipment maintenance.

We have formulated the “Customer Appeal Processing Instructions” and “Nation-wide 400 Customer Hotlines Complaints Management Rules” to provide employees with clear instructions on handling complaints.

There is a time limit for each stage in the complaint handling process. Senior management staff step in when junior staff is unable to manage the issue. During the complaint handling process, we regularly report the progress to customers. We conduct customer re-visits thereafter and do not close files until customers are satisfied with the outcome.

Customer Information Protection

We collect only the necessary information from customers during the service process. To ensure confidentiality of customer information, we have formulated the "Customer Profile Management Guide" and keep customer information by unit in separate files. Complete hard copies of customer information are stored at the designated counter while soft copies are encrypted and stored in designated folders.

We strictly prohibit disclosure of customer information to any external party or individual. Other departments of the Group need to apply and get approval before accessing, copying or extracting customer information. They are required to determine the period of use, time of data destruction and the filing method. Accessing of information must comply with the minimum principle, that is, to access only the necessary information. Government units including the police, the procuratorate and the court must show their working permits and reference letters before accessing our customer information.

Customer Health and Safety

Customer safety is one of our top priorities. The Property Service Centre is responsible for formulating specialized safety management plans. Based on the characteristics of the project, the surrounding environment and the customers' needs, the Centre investigates the sources and distribution of potential threats. Appropriate equipment, technologies and safety personnel are then deployed and assigned for preventive purposes.

We have engaged a qualified unit to carry out maintenance and repairs of special equipment such as escalators and to complete the annual safety inspection in time to ensure the validity of the equipment license for use in our projects. To meet internal and external standards, we review, validate and improve our management approaches at least once a year.

Emergency Management

We have formulated the "Emergency Handling Operation Guide" to provide instructions on handling incidents such as public security and fire. Property Service Centre of each project prepares special emergency response plans and submit the "Emergency Drill Proposal" for the next year.

Security

Incidents such as physical confrontation, fight, robbery and theft, etc.

- On-site staff should promptly report the situation to the responsible personnel who should report to the police if necessary
- If the fight can be stopped on the spot, the staff should immediately isolate and mediate the conflicting parties. If the fight cannot be controlled, more staff should be mobilised to control the incident
- In the event of theft or robbery, all the entrances and exits must be blocked and a thorough search should be conducted to catch the suspects
- The scene must be protected with warning belt and people should assist the Public Security Authority in conducting investigations

Fire

Incidents such as gas leakage, household fire, vehicle on fire and explosion, etc.

- In the event of gas leakage, the gas valve must be cut off immediately with doors and windows opened for better ventilation. All staff should evacuate and there should be no naked-flame
- In the event of an explosion, people should call the police immediately, stop anyone from approaching and mobilise staff to extinguish the fire
- In the event of a fire, people should put out the fire or arrange evacuation according to the scale of the fire. People should set up a restriction zone and implement traffic control to ensure the escape route is clear
- We cooperate with and assist the Fire Department in investigating the cause of the fire and implementing specific preventive controls

General

Incidents such as elevator failure, electric shock and drowning, etc.

- When someone gets trapped in an elevator, we should communicate with the trapped person through emergency intercoms or call out at the scene. We should cut off the main power supply while keeping the lighting. We must carry out rescue work according to specifications
- In the event of an electric shock, we should cut off the power supply immediately after confirming the power outage area. We should call the ambulance based on the situation of the injured and take appropriate measures to heal the wounded
- When someone is drowning, we should throw in the lifebuoy or use a life-saving rod to drag the drowned person to the shore. We should call the ambulance and take appropriate first aid measures

Fire safety is one of our key priorities. We strictly follow Fire Control Law of the People's Republic of China and align with the approach of "Prevention First, Integrate Elimination with Prevention". We have formulated detailed operations guidance documents in aspects of fire prevention, fire safety inspection and fire emergency management.

Fire Prevention	Fire Safety Inspection	Fire Emergency Management
• Strictly prohibit storage of flammable and explosive items • Use fireproof materials and equip premises with fire extinguishing devices as required • Conduct fire prevention promotion and training • Set up a voluntary team to conduct fire drills every year	• Conduct daily fire safety inspection checks in public areas and renovating units • Conduct regular inspections of fire hydrants, fire extinguishers, equipment cabinets, evacuation facilities, water supply of fire hose reels and automatic fire alarm systems • Organize large-scale fire inspections covering tenants, renovation units, public areas and equipment rooms before holidays and festivals	• Arrive at the scene with fire extinguishers within 5 minutes after receiving the report • Put out the fire or report to police depending upon fire severity • Follow unified command and work in groups for fire extinguishing, evacuating, staying alert, providing first aid, controlling equipment and logistics, etc.

The Fire Controlling Centre closely monitors fire safety of the community and supervises other positions. During the year, there were no significant fire incidents in the projects covered by this report. In terms of hotel management, the management company regularly entrusts third-party agencies to conduct fire safety inspections and elevator inspections. We also evaluate safety facilities of the hotels according to industry standards.

Specific Training on "Fire System Acceptance Inspection and Safety Management"

At the end of August 2018, we organized a one-day fire training for construction and management staff. Two senior fire experts were invited to provide training on fire system surveillance, fire safety management, and regulatory compliance. The training aims to raise participants' awareness of safety risk prevention to build a safe working environment and ensure smooth daily operations.

OPERATE WITH INTEGRITY AND HONESTY

A culture of integrity is a guarantee of stable operations of a company. The Group implements an anti-corruption management approach that carries out preventive control, follows up on the supervision, and implements post-incident control.

Adhering to Integrity

The Group strictly follows the relevant national laws and regulations, including the Criminal Law of the People's Republic of China and the Law of the People's Republic of China on Unfair Competition. On this basis, we have formulated the "Code of Integrity" for the Group's businesses which further defines a code of conduct for seven different functional positions. All employees of the Group, including regular staff, temporary staff and interns, must strictly comply with the code.

Code of Integrity						
Sales Planning	Cost Control	Auditing	Tendering	Procurement	Construction Management	Design Management

To prompt employees to keep the requirements of integrity in mind, we carry out the construction of integrity culture through various channels, including distributing internal promotional publications and conducting special training.

The Monitoring Centre is a department in which the Group exercises its supervisory function. It regularly distributes an internal promotional publication "R&F Integrity" to introduce all employees to the Company's recent anti-corruption work. Through the publication, we educate our employees on the latest regulatory requirements with case analysis, aiming to deliver a clear and deep alert to our employees.


廉潔富力

The Monitoring Centre works with the Human Resources Department to irregularly organise integrity education activities. During the year, we organized a series of "Morality Lectures", inviting leaders from the Monitoring Centre, university professors and professionals from the Public Security Authority to give lectures to our employees. Based on our corporate culture, we have initiated a variety of thematic learning activities with themes on "Confucianism", "Crime Prevention", etc..

Complying with Supervision Requirements

To standardize the Company's supervision process, we have formulated detailed requirements for supervision work based on the Group's "Supervision Management System" and the actual situation of the Group. Among them, we have formulated the "Procedures for Case Supervision" to standardize the whole process of receiving, investigating, handling and recording cases. During the year, we formulated the "Implementation Measures for the Prevention and Investigation of Duty-related Crimes" to provide clear guidelines on the prevention and investigation work.

Preventing Duty-Related Criminal Cases

- The Supervision Team formulates and implements annual criminal cases prevention plan
- The Supervision Team cooperates with regional working teams to carry out duty-related crime prevention work
- Establish an Anti-corruption and Criminal Cases Prevention Promotion Team to conduct publicity and promotion activities
- Hold regular or irregular meetings to formulate specialized projects
- Collect materials for prevention work during the case investigation process

Investigating Duty-Related Criminal Cases

- Actively explore channels for case reporting, including but not limited to hotlines, e-mails, WeChat and mailbox, etc.
- Establish an Evaluation Team to conduct analysis and evaluation of received cases and evidences
- Implement a reward system for reporting duty-related criminal cases
- Hold regular and irregular case summary meetings to exchange experiences in handling cases

Maintaining smooth and effective reporting channels is essential for us to take up the supervision responsibility. The Monitoring Centre provides various channels including mails, hotlines and e-mails for case reporting. We have also set up an online reporting platform, and anyone can report with real-name or anonymously through the online platform.

We have formulated the "Case Reporting Rewarding System" to encourage people to report any violation of laws or regulations by departments of the Group or individuals. If the reporting can lead to recovery of the economic loss or is related to a refund of the Company, the whistle-blower is rewarded with 5% of the refund. If the case is put on file for police investigation, we give the real-name whistle-blower a reward of RMB20,000 to RMB200,000, according to the importance of the reported evidence and the amount of money involved in the case.

Selling with Honesty

To ensure the accuracy of the content of our advertisements, we ensure compliance with the Advertising Law of the People's Republic of China by formulating the "Design Specification Standards and Management System" to prevent the use of extreme and exaggerated language in sales advertising and to strictly prohibit false promotion. For advertising content, we abide by the following regulations and the draft must pass the three-tier proofreading by designers and copywriters, project heads and project general managers before finalisation.

Price should be stated as the actual selling price with the validity period	The schematic diagram showing the property location should be accurate, clear and with appropriate ratio	Identify all facilities under planning and construction in the advertisement, such as transportation, commercial properties, cultural and educational facilities
The internal structure design and decoration materials in the advertisement should be true and accurate	When architectural design renderings or images of models are used, the same should be indicated	Property management content that has not been realized should be indicated
No promise to the property owner should be made on handling of accounts, employment and further education	When the advertisement is related to mortgage service, the provider bank's name, amount and the tenure period should be stated	When the advertisement is related to real estate valuation, the evaluating units, appraisers and the evaluation period should be stated

During the year, the Group strictly complied with national relevant laws and regulations relating to health and safety, advertising, labelling and privacy matters for the products and services provided. There were no violations of laws and regulations that had a significant impact on the Group.

Ethical Procurement

To maintain a good corporate reputation, our tendering and procurement process follows nine principles, including equality, fair competition and more, in pursuit of achieving the highest standards of business ethics. We select the qualified tender from the "List of Contractors" according to the type of construction and ensure that there are at least three tenders. When there are less than three tenders, reports must be submitted and approval should be obtained before proceeding. Tenders found to have indulged in misbehaviours such as collusive bidding, bribery and providing false information are disqualified.

In our "Construction Tender Management Procedure", we prohibit any personal contact between employees who are responsible for or involved in the tendering process with the tenderers. We also discourage any discrimination against potential tenderers. Employees must keep the name and the number of potential tenderers strictly confidential. In the event of a violation of the above requirements, we penalise the relevant personnel as appropriate. Our Monitoring Centre is responsible for supervising and inspecting project procurement and tendering.

A Sustainable Supply Chain

A stable supply chain is an important foundation for us to achieve quality products and exceptional customer service. As our major partners including material and equipment suppliers and contractors are located in Mainland China, we have formulated the "Group-wide Procurement Implementation Measures", "Contractors Management Measures" and "Guidelines on Shortlisting and Evaluating Suppliers" to standardize the procurement process and requirements for suppliers.

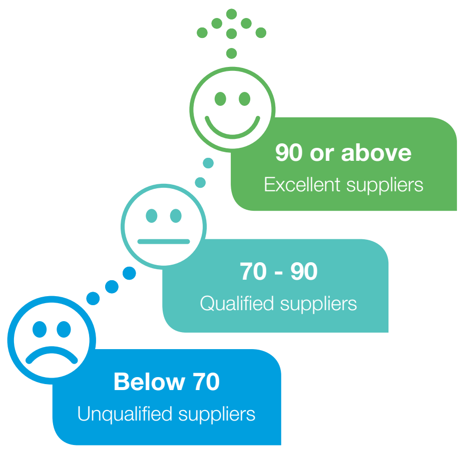
The environmental and social performances of the suppliers have significant impacts on our products and services, from delays of delivery to quality problems. Therefore, we have developed shortlisting criteria and procedures for suppliers and contractors.

Suppliers

- ☐ No illegal activities in the past two years
- ☐ No poor reputation records in the past two years
- ☐ No failure in litigations regarding quality defects in the past two years
- ☐ Certification status, technological capability, workforce structure and quality assurance system
- ☐ After-sale service and customer complaints redressal systems

Contractors

- ☐ Quality, environment management, occupational health and safety management system certification
- ☐ Safety production permit
- ☐ No bad record notified by government or exposed by media in the past three years
- ☐ No significant safety or quality accidents should have occurred in the past three years
- ☐ No failure in material litigations regarding compliance in the past three years



We include the above criteria in evaluation of the tendering and procurement process of materials and equipment. At the end of each year, we revise the "Supplier List" by summarizing the quality of the suppliers, categorising into different grades according to the results of the continuous assessment and the qualification re-assessment.

REDUCE EMISSIONS FOR THE BLUE SKY

The Group attaches great importance to its environmental responsibilities and actively promotes the development of green buildings in China. We have implemented a series of energy-saving and carbon reduction measures to mitigate the environmental impact of our operations. In the long run, efforts will be made to decouple the growth of business and carbon emissions.

Environmental Management Strategy

The Group has established effective policies and systems to ensure continued improvement of its environmental performance. We have formulated the "Quality and Environmental Manual" in accordance with the ISO9001:2015 and ISO14001:2015 standards, which describes the environmental policies and objectives of the Group, and defines the organizational structure, management responsibilities and control requirements of the Environmental Management System ("EMS").

The Group's EMS including risk management and governance related to carbon emissions is led by the Company's management, and incorporates procedures of planning, support, operation, evaluation as well as continuous improvement. Quality Control Department and Environmental Management Department are responsible for the Group's environmental management work. All departments of the Group cooperate to strengthen our environmental protection work.

With reference to the reporting boundary, the most significant environmental impacts of our operations are the greenhouse gases and air pollutants emissions from the energy used at offices, hotels and vehicles. The Group's operations do not involve the use of any packaging materials. We strive hard to implement energy saving measures to reduce adverse impacts on the environment.

The Group strictly complies with environmental laws and regulations in China, including but not limited to the Environmental Protection Law, Law of the PRC on the Prevention and Control of Air Pollution, Law of the PRC on the Prevention and Control of Water Pollution, Law of the PRC on the Prevention and Control of Environment Pollution Caused by Solid Wastes, Law of the PRC on Conserving Energy, Law of the PRC on Environmental Impact Assessment, and Administrative Regulations on Environmental Protection for Construction Project. During the year, we were not aware of any violation of relevant laws and regulations that have a significant impact on the environment or the Group relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

Environmental Management System

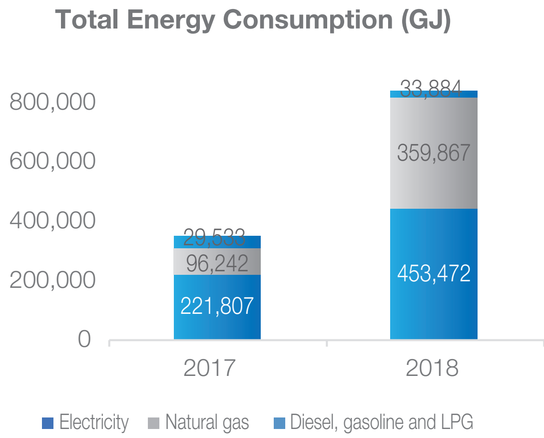
Lead	Plan	Operate	Evaluate	Improve Continuously
Property management to formulate environmental policy and objectives, and lead the implementation of EMS.	To plan the EMS with the consideration of internal and external factors, as well as provide resources needed for the establishment of EMS.	To implement and control process for meeting environmental requirements and implement measures to address risks and opportunities.	To carry out internal audit and management review to evaluate the performance and effectiveness of EMS.	To implement improvement measures in accordance with the "Corrective Measures Procedures" to ensure continuous improvement.

Management Responsibilities

Department	Responsibility
Property Quality Control Department	• Responsible for the establishment, collation and archiving of ISO documents • According to national regulations and industry standards, and based on the characteristics of the Group's property management business, to plan a standard property management system covering engineering, safety, environment, customer service, etc. • To formulate and implement the Group's property management standardization system manual, and promote the implementation of the standardization system • According to the Group's property management standards, to regularly organize unannounced visits, supervision and inspections on the customer service, security, cleaning, greening, engineering maintenance, as well as equipment operation and maintenance of the Company's properties in various regions; and to implement the corrective and preventive measures proposed in the management review
Property Quality Control Department	• To implement EMS and monitor its operations • To carry out management review and internal audit to ensure the effectiveness of EMS • To arrange regular supervision of the Group's emissions of pollutants by testing organizations
Property Service Department of various projects	• To raise the environmental awareness of property owners and residents through publicity
Property Environmental Management Department	• Responsible for the Group's greening project • To prepare and revise workbooks/refinement procedures and standards of departments in accordance with professional business practices and requirements of the environmental department • Responsible for management of regional functional departments and project environmental management personnel, including daily business communication, and business organization • To formulate plans to inspect the environmental work of regional companies, and propose rectification plans as well as supervise the results

Resources Consumption

The daily operations of properties and hotels involve the use of electricity, gasoline, diesel, liquefied petroleum gas (LPG) and natural gas, of which electricity and natural gas accounted for 96% of total energy consumption. In 2018, the total energy consumption of the projects covered in the report was 847,223 GJ, with energy intensity of 0.058 GJ per sq.m..



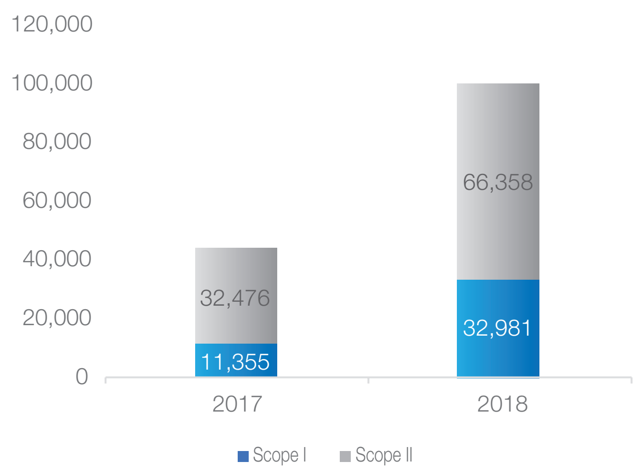
Types of resources	Unit	Consumption in 2017	Consumption in 2018
Electricity	kWh (GJ)	61,613,022 (221,807)	125,964,447 (453,472)
Gasoline	Liter (GJ)	898,752 (28,645)	974,525 (31,060)
Diesel	Liter (GJ)	24,803 (888)	42,954 (1,538)
Natural gas	m^3 (GJ)	2,472,124 (96,242)	9,243,720 (359,867)
LPG	m^3 (GJ)	–	78,808 (1,245)
	kg (GJ)	–	810 (41)

Climate Change

The Group believes if we do not take action against climate change, it is likely to have a major impact on society and the global economy. In view of this, we are committed to implementing effective energy-saving measures in various projects and promoting the transformation into a low-carbon economy. The following is an overview of the Group's response to climate change and we will continue to improve our work and disclosure on TCFD (Taskforce on Climate-related Financial Disclosures) recommendations in the future.

Governance	Strategy	Risk Management	Metrics and Targets
The Group's sustainability management is led by the Board, which oversees the Group's ESG performance, as well as the direction and strategy for addressing climate change. The Group's management is responsible for coordination, and the corresponding departments are responsible for implementing emission reduction measures and reviewing relevant performances on a regular basis.	We identify the risks and opportunities of climate change: Risks: • The environmental protection requirements in China are becoming more stringent, and the Group has to comply with all regulatory requirements Opportunities: • New energy-saving and emission-reduction technologies continue to emerge, helping us to reduce resource consumption and operating costs through the adoption of new technologies • Respond to the Green Building Action Plan released by the Ministry of Housing and Urban-Rural Development of the PRC to enhance the Group's market position	Based on the risk and opportunity management control procedures, we evaluate climate-related risks and opportunities, formulate measures to address the risks and opportunities, and evaluate the effectiveness of the measures. The energy-saving and emission reduction measures adopted by the Group during the year include: • Implementation of energy efficiency measures such as LED energy conservation projects in property and hotel projects • Active promotion of green building and participate in Earth Hour	We use the following indicators to measure and monitor climate change related work, including: • Greenhouse gas (GHG) emissions, including Scope I and Scope II emissions • GHG emission intensity, using construction area as an indicator to calculate emission intensity • Energy consumption, including fuel oil, fuel gas and electricity • Energy intensity, using construction area as an indicator to calculate energy intensity Although the Group has not set overall energy conservation and emission reduction targets, individual communities have set clear energy conservation goals, such as monthly electricity consumption should not exceed 0.4 kWh/m^2.

Total Amount of GHG Emissions (tCO_2e)



The GHG emissions of projects covered in the report include direct emissions (Scope I) from fuel and refrigerants used and indirect emissions (Scope II) from electricity consumption. In 2018, our total GHG emissions amounted to 99,339 tonnes of carbon dioxide equivalent (tCO_2e). Emission intensity was computed as 0.007 tCO_2e per sq.m..

Energy-saving Measures

The Group is committed to implementing various energy efficiency initiatives to reduce the carbon footprint of its operations and to fulfil its social responsibilities for addressing climate change. In compliance with the Energy Conservation Regulations of Guangdong Province and other national laws and regulations, our property management business has developed clear targets for effective energy management, requiring the monthly public electricity consumption of community during operations not to exceed 0.4 kWh per sq.m.. The energy-saving measures to be coordinated include the use of energy-saving lamps, adopting reasonable setting of lighting hours and appropriate air conditioning temperature, as well as promoting energy-saving concepts to property owners. The following table lists the energy saving measures and results achieved by the Group's property management and hotel operations businesses during the year:

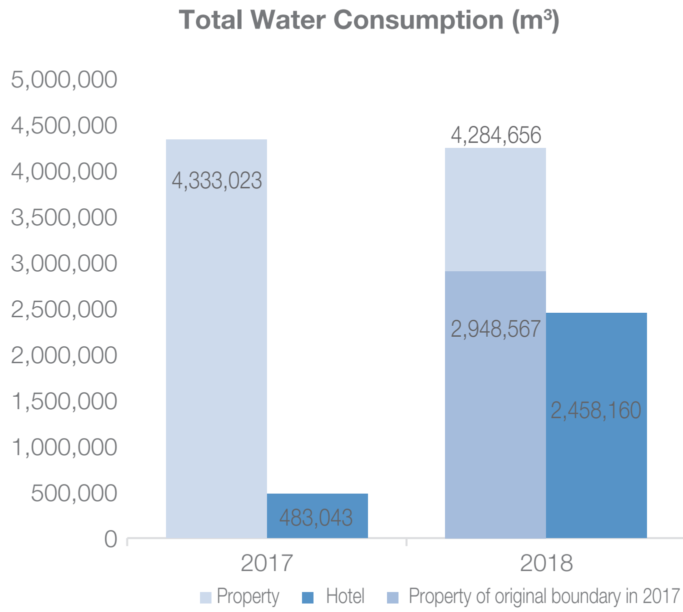
Earth Hour

During the year, a number of R&F's properties participated in the world's largest collective environmental movement – Earth Hour. With the 2018 theme "Let Nature Shine", this global movement is set to unite millions of people as they switch off and shine a light on the effects of climate change and the importance of living sustainably.

Projects	Energy-saving Measures	Results Achieved
Doubletree By Hilton Hotel	Carried out LED energy saving project, which retrofitted 1,000 fluorescent lamps of 25 W with 6 W LED lamps in lobby	Saved about 83,220 kWh of electricity and 43.7 tCO_2e of GHG per year
Chongqing R&F Ocean International	– Saved energy in air conditioning – Saved energy in lighting system	Reduced electricity use by about 14% compared to last year
Chongqing R&F Modern Plaza	Improved the energy-saving control method of the lighting system	Reduced electricity use by about 12% compared to last year
Chongqing R&F Xicheng Plaza	Adopted energy-saving products	Reduced electricity use by about 17% compared to last year
Wanda Realm Resort Nanning	– Adopted energy-saving lighting system – Used air source for the heating of domestic hot water system	– Saved RMB650 of electricity fee for each meeting – Saved RMB15,000 of electricity fee per month in summer
Renaissance Huizhou Hotel	Retrofitted traditional halogen lamps with LED lamps in hotel rooms	Saved 110,000 kWh of electricity per year

Water Consumption

The total water consumption of projects covered in the report was 6,742,816 m^3 and the intensity was 0.464 m^3 per sq.m.. There was no issue in sourcing water that is fit for the purpose. The Group's property management sets targets for monthly water consumption of the community during operations, with relevant measures that include recycling wastewater from swimming pool for community pavement flushing, managing water usage for greening effectively with the use of showers, conducting water-saving programs, and carrying out publicity activities, etc..



The following table lists out our water saving measures and results achieved by the Group's property management and hotel operations businesses during the year:

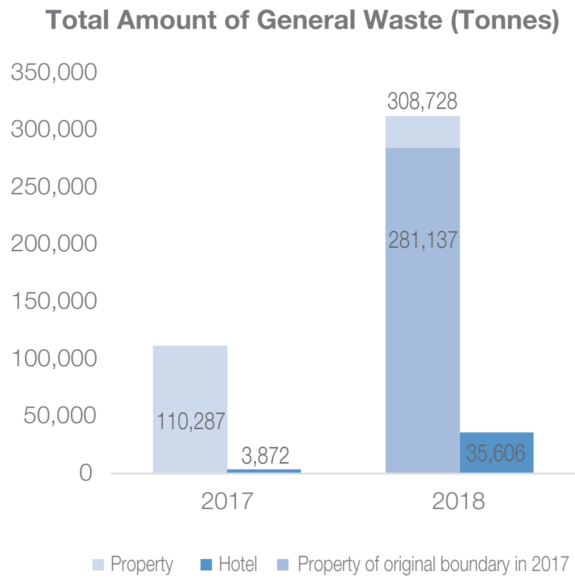
Projects	Water-saving Measures	Results Achieved
Chongqing R&F Modern Plaza	Improved the quality of pipes and accessories, and controlled the running and dripping of water	Reduced water consumption in 2018 by about 24% compared to last year
Chongqing R&F Xicheng Plaza	Used induction faucets	Reduced water consumption in 2018 by about 31% compared to last year
Chongqing R&F Ocean Plaza	– Unified the management of water supply system in community – Installed water-saving devices – Replaced water pipes – Installed and renovated green water pipes	Reduced water consumption in 2018 by about 29% compared to last year
Renaissance Huizhou Hotel	Installed water-saving devices in room faucets and showers	Reduced water consumption by approximately 9,600 m^3 per year

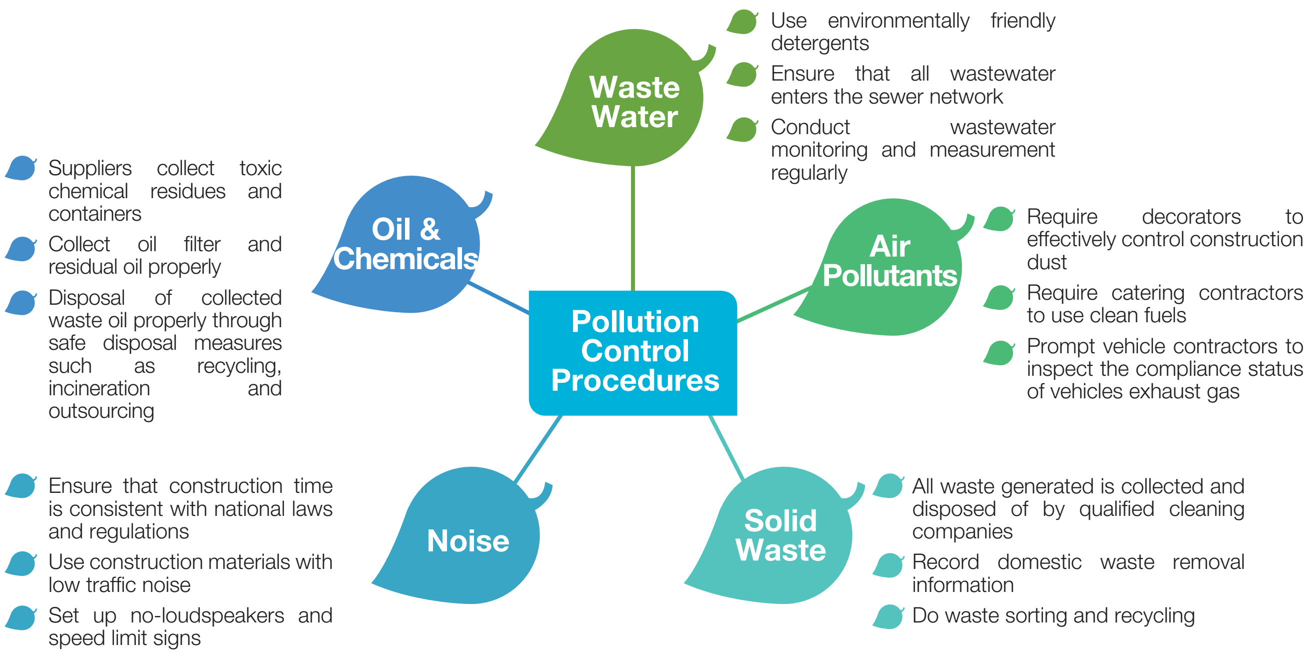
Emission Management

The development business in Southern China involves the use of vehicles. In 2018, sulphur oxides (SOx), nitrogen oxides (NOx) and particulate matters (PM) emissions from vehicles were 0.014 tonnes, 4.306 tonnes, and 0.418 tonnes respectively. The Group's emissions complied with the Integrated Emission Standard of Air Pollutants in 2018.

During the year, the operations of projects covered in the report generated 3.85 tonnes of hazardous waste and 344,334 tonnes of general waste, 6% of which were collected for recycling. Due to the Typhoon Mangkhut hitting the Southern China coast on September 2018, a number of trees collapse and the Group's general waste volume in 2018 increased by 155% compared to last year.

R&F has developed its own "Pollutant Control Procedures" to effectively control emissions from premises. The property service departments are responsible for supervising the domestic waste water, air pollutants, solid waste, noise and waste liquid generated from cleaning, greening and maintenance.





Promote Green Building and Green Living

In response to the requirements elaborated in the Green Building Action Plan released by the Ministry of Housing and Urban-Rural Development of the PRC, the Group actively supports the green building movement in China. The Group adopts green building designs by implementing the concepts of land optimization, energy and water conservation, indoor environment-friendly technology and operational management, in order to provide green, healthy and enjoyable customer experience.

Huangshadong Slope Regreening Project

In line with the national development policy, we adhere to the principle of conservation, protection, and natural restoration during the development. The Group has been working on green restoration projects for undeveloped land to offset the environmental impacts of property development. During the year, the Group carried out a slope regreening project in Huangshadong, Huizhou. We use special spray and mixing machine to add soil, fertilizer, organic matter, water retention material, seeds and other mixed materials to the slope surface to form a 10cm layer. Seeds are able to root, germinate and grow in the gap, and a certain degree of hardening can prevent flushing by rainwater, thus achieving the purpose of restoring vegetation and improving landscape.

Green Office

The Group actively promotes a paperless office. We remind employees to avoid unnecessary printing and minimize paper consumption through posters. Since July 2018, the promotion of paperless office has achieved some initial results. The total printing cost of all departments in the Group's headquarter office decreased month by month. From August to December this year, the paper usage decreased by 69% compared to last year, achieving a remarkable result in paper saving.

Green Building (Two Star) Case Study

Datong R&F City Phase II
The project is located in Datong, Shanxi Province and is a commercial and residential area. It widely adopts advanced green technology and is an example of the Group's commitment to enhance its sustainable building portfolio.

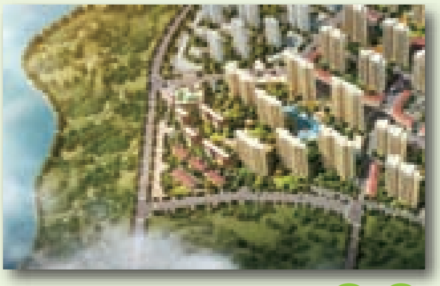
Key features
Energy Use
- Use solar energy for domestic hot water system
- Adopt energy-saving lighting system and electrical equipment
- Make full use of natural lighting and ventilation

Site Aspects
- Green space ratio equivalent to 41% of site area

Water Use
- Adopt water-saving irrigation method and set up soil moisture sensor
- Recycle rainwater for landscape irrigation
- Set up water saving devices

Materials
- Use ready-mix concrete to reduce material consumption
- Use light-colored brick or coating

Certifications received
- Green Building Design Label (Two Star)

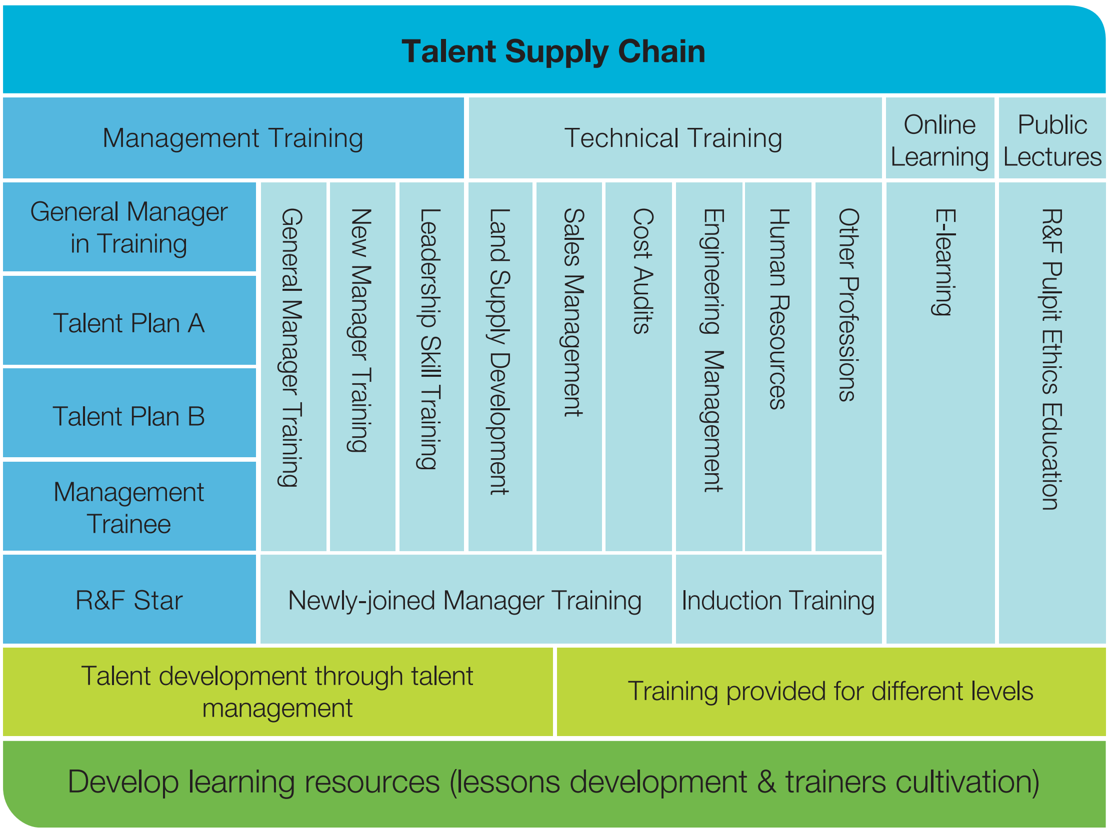


BUILD CAREER FOR EMPLOYEES

People have always been vital to our business success. The Group strives to provide development opportunities and build an employee-friendly culture to sustain competitiveness of our people and our business.

Attracting Talents

Our talent training strategy aligns with the Group's development blueprint. We encourage training at different levels and provide comprehensive learning resources. We are committed to developing a well-established talent supply chain with training incorporated in management. The HR department collects and learns talent requirements from each department in the fourth quarter every year. The Group then acquires suitable candidates from internal and external selection processes. Middle management vacancies are only for internal staff. The Group recruits talents through external channels, such as employees' referrals, campus and social recruitments, for other positions. Monetary rewards are given to the referrers for successful referral cases.



Employees Training

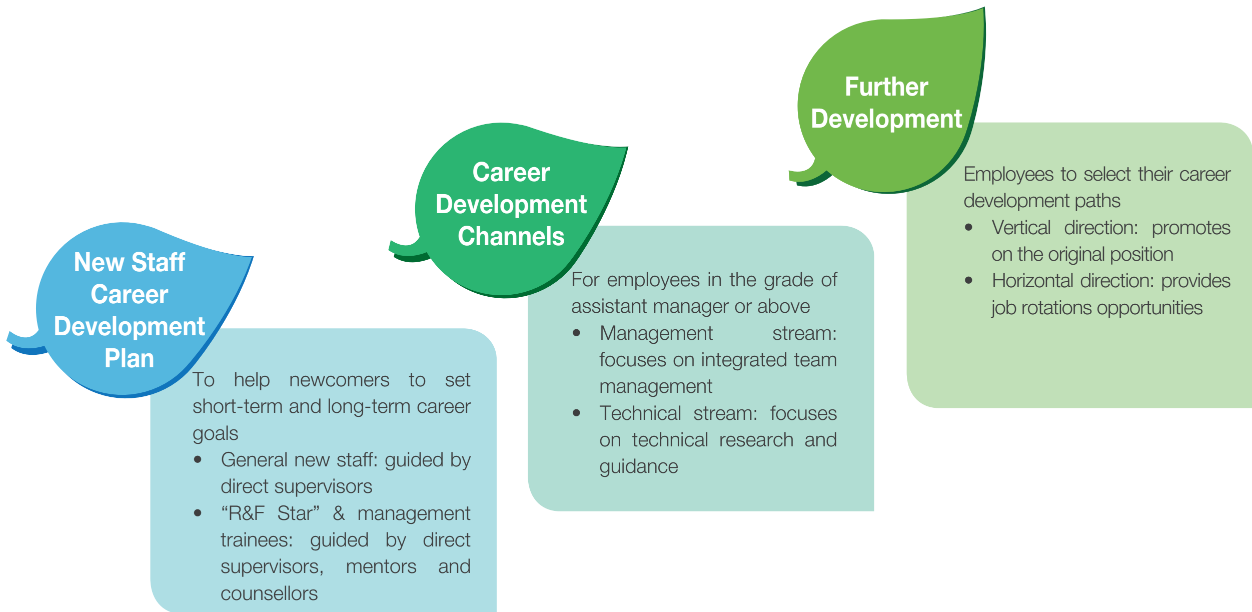
Training and development play an important role in our real estate business and in nurturing future talent. Therefore, we invest in training programs for our employees to help them keep abreast of the latest trends in their professions and continuously contribute to our business growth. During the year, the Group expanded the training coverage, ensuring all levels of employees participated in training. The average training hours per person was 29 hours.

MOBILE LEARNING PLATFORM

The Group has newly established a mobile learning platform during the year to strengthen the effectiveness of staff training. It covers R&F currently and we plan to extend the program to the whole Group in March 2019.

1. Resourceful learning materials: With about 1,800 internal and external trainings
2. Convenient learning mode: Flexible personal training schedule for staff
3. Effective learning management: Manage the learning progress, assessment, training data and etc. through the platform

The Group is committed to providing opportunities to staff for developing capabilities and personal traits. The well-established training system at R&F serves as a catalyst for our dedicated employees in further achievement under the career development plan. It is established to meet the business needs and accomplish individuals' career goals.



Career Development Plan

The HR department arranges training programs according to results from survey of employees and departments at the year-end. We encourage sharing of knowledge among employees. The internal trainers are selected and evaluated by the HR Department to ensure they can deliver quality courses to our employees. The Group subsidizes staff for participating in approved external programs if internal training cannot satisfy the needs.

R&F Star Program

This is the 15th year for us to implement this campus recruitment program. We nurture future leaders with potential through position rotation, mentorship and skills enhancement. This year we recruited the highest number of employees under "R&F Star Program". To facilitate the newcomers in adapting to working environment, we arrange activities irregularly for mentors and mentees, new and previous "R&F Stars". The "R&F Star Program" has attracted passionate graduates from the top domestic and overseas universities. Through years of training and development, some are promoted as senior managers of R&F.

Talent Plan

The "Talent Plan" is a pivotal talent cultivation program of R&F, which consists of Plan A for senior managers and Plan B for middle-level managers respectively. It is the fifth year of implementation of the "Talent Plan" since 2011. This year, we have organized several major training programs, such as the Tsinghua University Engineering Study, the General Manager in Training and the Ethics Education, etc.. Employees can master the related skills and enhance their awareness in business ethics to better facilitate our future development.

Talent Assessment

All levels of employees are evaluated by performance assessment and/or quality assessment, depending on their positions and grades. The results are applicable for salary adjustment, promotion or job rotation. The table below introduces the talent assessments:

	Performance Assessment	Quality Assessment
Methodology	• Periodic evaluation • Probation, general staff and "R&F Star" assessments	• Non-periodic evaluation • Promotion and specialized assessments
Purpose	Evaluate employees' performance, attitudes and completeness of work duties	Facilitate employees to enhance their working ability and quality
Evaluation standards	Evaluation based on the comparison of the results of "expected targets" and "actual performance"	Compare the performance of employees against the requirements of their positions

Health and Safety

The Group strictly complies with the Production Safety Law of the PRC. We review the relevant laws and regulations and make corresponding amendments with reference to national standards and the current situation. During the year, the Group was not aware of any violation of relevant laws and regulations that have a significant impact on the Group relating to providing a safe working environment and protection of employees from occupational hazards.

In respect of construction safety, we have set up inspection teams for incidents prevention purpose. Both the inspection and construction teams have to understand their responsibilities clearly before the commencement of each project. Based on the legal requirements of "Standard for Construction Safety Inspection" and the Group's actual situation, a comprehensive scoring system is formulated for them to monitor construction safety. The Construction Inspection Monitoring Centre reports all examination results to the management, regional companies and the involved construction contractors and parties. The construction teams are required to take remedial action promptly on issues identified and the inspection teams have to inspect the corrections thoroughly. The construction teams get rewards or face penalties depending on the project progress, quality and safety operation. Performance of all general and regional inspectors is also evaluated by their supervisors. The chief inspector or deputy inspector is responsible to provide straightforward guidance to those with unsatisfactory performance on a quarterly basis. The assessment results are one of the considerations in promotion, bonus and dismissal decisions.

For property management, we have listed the working requirements for daily operations of property management and for handling emergency situations in the Safety Manual in order to maintain a safe and healthy workplace. There are five main areas of focus in the property management's safety training: use of equipment, electric shock prevention, working at height, emergency handling and fire prevention.

The Group has a multi-pronged approach to occupational safety and health education, covering real estate, construction and property management. During the year, a total of 30,000 hours of safety training were provided, amount to more than 20,000 training person-times.

Use of equipment

- Check the equipment before use
- Workers should be in a good physical condition when using the equipment
- Workers have to wear personal protective equipment

Electricity shock prevention

- Purchase qualified electrical appliances
- Only licensed staff are allowed to repair electrical appliances
- Workers to wear insulated shoes

Fire prevention

- Store flammable and explosive items separately from other goods
- Place fire extinguishers in convenient and visible areas
- Keep all exits free from obstruction

Working at height

- Workers should be in a good physical condition when working
- Avoid working at height when weather conditions are severe
- Workers' safety belts should be attached tightly to a secure anchorage
- Arrange a worker for safety inspection on the ground

Emergency handling

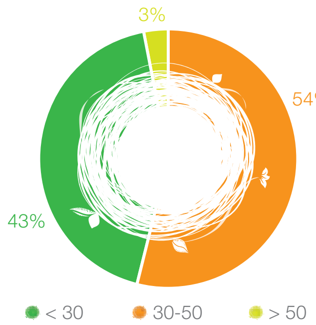
- The staff on-duty have to arrive at the site within 20 minutes after incidents
- Report the cases to the supervisors immediately
- Call the police in severe situations

In addition, the Group regularly provides free body check-ups for employees to let them understand their health status. We believe that productivity and employees' mental health are closely related. Therefore, we organise staff sports' day annually to relieve their stress and help establish harmonious relationships among colleagues.

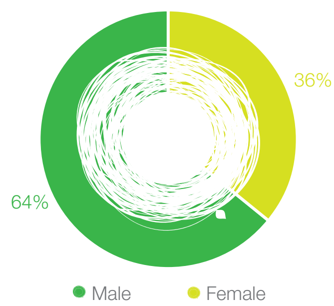
Employee Composition

The Group employed a total of 60,325 full-time staff in 2018, and 23% of them were located in Guangzhou. In terms of age profile, 43% and 54% of them aged under 30 and 30-50 respectively. The proportion of male to female was 64:36. 4% of them are at management level and the remaining 96% were frontline staff (including mid-level manager and general staff). For R&F Property, 93% of them hold degree or above level of education. The overall turnover rate in 2018 was 6%.

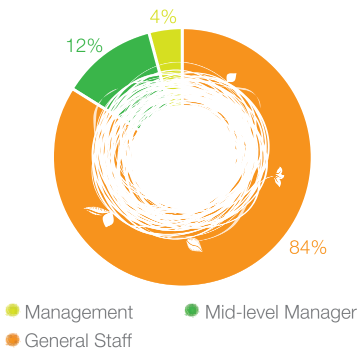
Age Profile



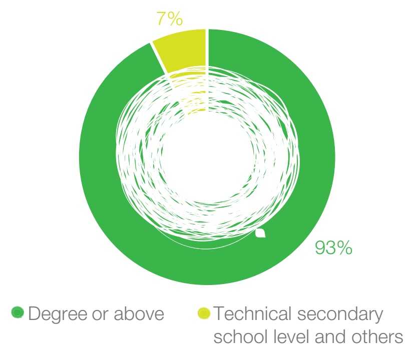
Gender Profile



Function Profile



Education Profile (R&F Property)



Employees' Rights and Welfare

The Group is committed to adhering to fair employment practices and strictly complying with the national laws, such as the Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China. We prohibit hiring of child labor and forced labor in the Group. The HR Department verifies identity cards of all candidates and their labor contracts are based on mutual agreements. During the year, the Group was not aware of any violation of relevant laws and regulations that have a significant impact on the Group relating to prevention of child or forced labor.

We offer competitive remuneration packages to our dedicated employees to recognize their contribution to the Group's continual growth. These include basic salary, year-end reward and performance bonus. They are remunerated according to their individual qualification, positions, work performance and the Group's performance.

In addition, we provide welfare to employees at levels not lower than the statutory requirements. Rest periods, social insurance and housing provident fund are established based on the Regulation on Public Holidays for National Annual Festivals and Memorial Days and the Social Insurance Law of the People's Republic of China. We arrange annual body check-ups for all of our staff, and schedule vaccinations if needed. In addition to statutory benefits, the Group offers additional welfare benefits such as housing discount and retirement pension. During the year, the Group was not aware of any violation of relevant laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

Employee Communication

The Group cares for employees physical and mental health, their families and creates quality lives for them, by measures that include regular organising of characteristic employee activities. We aim to strengthen team-building and a sense of belonging among employees, thereby strengthening our corporate culture.

PROVIDE A HARMONIOUS ENVIRONMENT FOR THE SOCIETY

The Group focuses on helping disadvantaged communities, propelling youth education development and conserving traditional Chinese culture. We work together with employees, community groups and government organizations to support community activities and make charitable donations, striving to achieve a win-win situation for business operations and the community.

Social Responsibility

Adhering to the philosophy of “Creating the extraordinary and positive symbiosis”, the Group actively shoulders its social responsibilities by allocating resources to philanthropy. We work together with employees, community groups and government organizations to support more than 10 meaningful social and community activities. In 2018, the Group donated RMB28,250,000 and participated in community activities for over 200 hours. Dr. Li Sze Lim, Chairman of R&F Group, was re-elected as the Honorary President of the Guangzhou Charity Council. Mr. Lu Jing, Executive Director of the Group, was also elected as the Vice President of the Guangzhou Charity Council. Their elections recognise the R&F Group’s support and contributions to charity.

The Group focuses on helping the disadvantaged communities, propelling youth education development and conserving Chinese traditional culture, striving to achieve a win-win situation for business operations and the community. During the year, we carried out activities including “Poverty Warming Activities”, “R&F • Hand in Hand International Children’s Music Festival” and “Hope Activities”, sending materials and organizing activities to bring love and care to deprived villagers, migrant workers and poor children.

“The 9th Hope Project • R&F Reunion Activity in South Guangdong”:

On 19 January 2018, the Group co-sponsored the reunion activity in South Guangdong with the Guangdong Youth Development Foundation to allow about 100 children, including orphans and children of single parents and families in difficulties in Guangdong Province to meet with the sponsors. We provided subsidies and benefited 2,100 children in the province. The event has been held in the ninth year and won the “20 Years Classic Project of the National Hope Project” and “Guangdong Poverty Alleviation Excellence Project” awards.

“R&F • Hand in Hand International Children’s Music Festival”

On 6 May 2018, R&F and the Qianhe Community Foundation jointly organized a music festival for 200 migrant workers’ families to enable them to enjoy some quality time as families and cultivate their sentiments, spreading positive social energy.

"Guangzhou Elderly Home R&F Cien Building Visiting Activity":

In 15 September 2018, the Group's volunteer team participated in the visit of the R&F Cien Elderly Home in Guangzhou for the sixth year. To mark the Mid-Autumn Festival, we gave holiday gifts to the elderly, performed singing and played games with them to let them feel the joy of the festival and our sincere blessings.

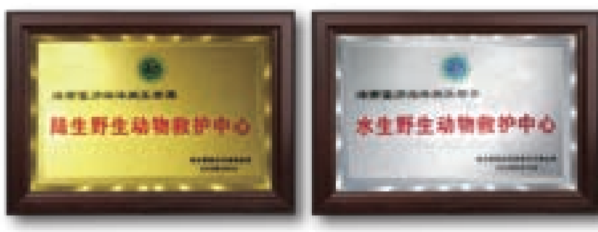
"Hope Activities"

On 27 June 2018, R&F held a large hand-in-hand and a dream series in Kanghe Town Central Primary School in Dongyuan County, Heyuan City, and presented gifts such as pencil cases, school bags, story books and table tennis rackets to 300 poor children to fulfil their dreams and encourage them to study.

During the year, we continued to propel youth education development through organizing the "Four Seas One Family Youth Exchange" and "2018 Emergency Safety Education into the Campus Series" to promote youth education. Moreover, the Group donated RMB100,000 to Guangzhou Zhenxing Cantonese Opera Foundation to actively promote the development of Chinese traditional culture.

"Four Seas One Family Youth Exchange": With the theme of "Development and Innovation", we led 2,000 Hong Kong youths to travel to Shaanxi, Tianjin and Guangdong for experiential exchanges aimed at helping them to comprehend the rapid development of the mainland.

The Group also supported the marine environment and animal protection work, and has invested to build the first marine animals rescue centre in Hainan Province. The Blue Ocean Protection and Rescue Centre integrates functions of rescue, medical, scientific research, viewing and education. During the year, we were authorized by the government of Lingshui Li Zu Autonomous County to establish the terrestrial wildlife rescue centre and the aquatic wildlife rescue centre, together with a professional breeding and veterinary team to take the responsibility for rescuing animals. We are building a marine joy world, hoping the theme park will become one of the tourist attractions in Hainan, and spread the concept of animal conservation and marine protection.



Memberships and Charters

We actively participate in associations and charters that promote sustainable economic, environmental and social development. The Company has the following corporate memberships in the industry:

• Guangzhou Chamber of Commerce of Private Enterprises
• Guangzhou Charity Association
• Guangdong Charity Federation
• China Real Estate Chamber of Commerce
• Guangdong Anti-Drug Foundation
• All-China General Chamber of Industry and Commerce
• The 4th Council of Guangzhou Foundation on Righteousness
• Guangdong Youth Development Foundation

Awards and Recognitions

Sustainability		
Guangzhou R&F Properties Co., Ltd.	• 2017 China Urban Sustainable Development Driving Awards "Golden Tripod Award"	Real Estate Biweekby
Socio-Economic Contribution		
Guangzhou R&F Properties Co., Ltd.	• 2018 Best 10 of China Real Estate Developers	China Real Estate Association, China Real Estate Appraisal
	• 2018 China Real Estate Developers Comprehensive Development Top 10	
	• 2018 China Real Estate Developers Commercial Real Estate Comprehensive Top 10	
	• 2018 Best 10 of China Real Estate Developers Brand Value	
	• 2018 Best 10 China Real Estate Listed Companies with Strongest Comprehensive Strength	
	• 2018 Best 10 China H-shares Real Estate Listed Companies	
	• China Real Estate Fashion Awards "2018 China's Annual Influence Real Estate Company"	Guandian Real Estate New Media
	• Ranking of China's 100 best Real Estate Enterprises	
	• 2018 Best 30 of China Real Estate Listed Companies	
	• Golden Brick Award for Real Estate of China "2018 Excellence in Achievement Corporate Award"	21st Century Business Herald
	• 13th China Hotel Starlight Awards "Best Hotel Owner in China"	Asian Hotel Starlight Award Committee
	• 2018 Hong Kong Stocks Most Valuable Real Estate Companies	Zhitong Caijing, Tonghuashun Caijing
	• 2018 "Golden Wing Award" Hong Kong Stock Connect Company Value Strength List	Securities Times
	• Architectural Design Excellence Award, Planning and Design Excellence Award, etc.	Elite Habitat Development Foundation
R&F Property Services Group Guangzhou Company	2018 China Property Management Innovation Value Brand Enterprise TOP 1	China Real Estate Business, Zhongfangzhiku, China Real Estate Business, China Real Estate Chamber of Commerce

PERFORMANCE DATA SUMMARY

The social performance data cover the entire Group while the environmental performance data focus on Southern China Region with 82 projects, expanding the scope of 52 projects included in last year's report. The Group will continue to improve its data collection and expand its reporting boundary.

		Unit	2018^	2017*
Environment	**Resources Consumption**			
	Electricity	kWh	125,964,447	61,613,022
	Property	kWh	37,507,074	17,705,439
	Hotel	kWh	88,457,373	43,907,583
	Gasoline	liter	974,525	898,752
	Property	liter	966,210	898,752
	Hotel	liter	8,315	0
	Diesel	liter	42,954	24,803
	Property	liter	23,034	24,660
	Hotel	liter	19,920	143
	Natural gas	m^3	9,243,720	2,472,124
	Property	m^3	243,703	13,065
	Hotel	m^3	9,000,017	2,459,059
	LPG			
	Property	kg	810	0
	Hotel	m^3	78,808	0
	Tap water	m^3	6,742,816	4,816,066
	Property	m^3	4,284,656	4,333,023
	Hotel	m^3	2,458,160	483,043
	Greenhouse Gases			
	Total GHG emissions	tCO_2e	99,339	43,831
	Direct carbon emissions (scope I)	tCO_2e	32,981	11,355
	Indirect carbon emmissions (scope II)	tCO_2e	66,358	32,476
	Air Emissions			
	Sulphur oxides (SOx)	tonnes	0.014	0.013
	Nitrogen oxides (NOx)	tonnes	4.306	3.184
	Particulate matters(PM)	tonnes	0.418	0.300
	Waste			
	Hazardous waste	tonnes	3.85	0
	Property	tonnes	0	0
	Hotel	tonnes	3.85	0
	General waste (recycled)	tonnes	21,028	26,463
	Property	tonnes	18,950	26,457
	Hotel	tonnes	2,078	6
	General waste (non-recycled)	tonnes	323,306	87,696
	Property	tonnes	289,778	83,830
	Hotel	tonnes	33,528	3,866

<table>
<tr><th></th><th>Unit</th><th colspan="2">2018^</th><th colspan="2">2017*</th></tr>
<tr><td rowspan="31">Employee</td><td>Total Headcount</td><td colspan="2">60,325</td><td colspan="2">30,897#</td></tr>
<tr><td colspan="5">By Gender</td></tr>
<tr><td>Male</td><td colspan="2">64%</td><td colspan="2">54%</td></tr>
<tr><td>Female</td><td colspan="2">36%</td><td colspan="2">46%</td></tr>
<tr><td colspan="5">By Employee Category</td></tr>
<tr><td>Management</td><td colspan="2">4%</td><td colspan="2">19%</td></tr>
<tr><td>Mid-level manager</td><td colspan="2">12%</td><td colspan="2">23%</td></tr>
<tr><td>General staff</td><td colspan="2">84%</td><td colspan="2">58%</td></tr>
<tr><td colspan="5">By Age</td></tr>
<tr><td><30</td><td colspan="2">43%</td><td colspan="2">40%</td></tr>
<tr><td>30-50</td><td colspan="2">54%</td><td colspan="2">53%</td></tr>
<tr><td>> 50</td><td colspan="2">3%</td><td colspan="2">7%</td></tr>
<tr><td colspan="5">By Geographical Distribution</td></tr>
<tr><td>Guangzhou</td><td colspan="2">23%</td><td colspan="2">25%</td></tr>
<tr><td>Other Areas</td><td colspan="2">77%</td><td colspan="2">75%</td></tr>
<tr><td colspan="5">By Education</td></tr>
<tr><td>Degree or above</td><td rowspan="2">R&F Property</td><td>93%</td><td rowspan="2">The Group</td><td>53%</td></tr>
<tr><td>Technical secondary school level and others</td><td>7%</td><td>47%</td></tr>
<tr><td colspan="5">Employee Turnover – By Age</td></tr>
<tr><td>Turnover rate</td><td colspan="2">6%</td><td colspan="2">11%</td></tr>
<tr><td><30</td><td colspan="2">2%</td><td colspan="2" rowspan="3">–</td></tr>
<tr><td>30-50</td><td colspan="2">4%</td></tr>
<tr><td>> 50</td><td colspan="2">0%</td></tr>
<tr><td colspan="5">Employee Turnover – By Gender</td></tr>
<tr><td>Turnover rate</td><td colspan="2">6%</td><td colspan="2">11%</td></tr>
<tr><td>Male</td><td colspan="2">4%</td><td colspan="2" rowspan="2">–</td></tr>
<tr><td>Female</td><td colspan="2">2%</td></tr>
<tr><td colspan="5">Employee Turnover – By Region</td></tr>
<tr><td>Turnover rate</td><td colspan="2">6%</td><td colspan="2">11%</td></tr>
<tr><td>Guangzhou</td><td colspan="2">1%</td><td colspan="2" rowspan="2">–</td></tr>
<tr><td>Other Areas</td><td colspan="2">5%</td></tr>
</table>

		Unit	2018^	2017*
	Training Performance			
	Training hours		1,739,236	–
	Average training hours		29	–
	Occupational Health and Safety Training			
	Total training person-time		20,000	–
	Total training hours		30,000	–
	Occupational Health and Safety Performance			
	Number of work accidents		0	–
	Injury rate		0	–
	Lost days due to work injury		0	–
	Number of work-related fatalities		0	–
Community	**Community Involvement**			
	Charitable donations	RMB	28,250,000	14,120,000
	Voluntary work	hours	200	200

^ The environmental performance data in 2018 covers the Group's 82 projects, including 49 residential projects, 12 commercial projects and 21 hotels.

* The environmental performance data in 2017 covers the Group's 52 projects, including 31 residential projects, 17 commercial projects and 4 hotels.

The total headcount in 2017 excluded the employees of the hotel assets acquired from Dalian Wanda Commercial Properties Co., Ltd. at the end of 2017.

CONTENT INDEX

This content index includes the GRI Sustainability Reporting Standards (GRI Standards) and the ESG Reporting Guide (ESG Guide) set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Material Aspects	GRI Indicator	ESG Guide	Description	Section/Remarks
General Disclosures				
Organizational Profile	102-1	–	Name of the organization	cover page of annual report
	102-2	–	Activities, brands, products, and services	"About R&F" in annual report
	102-3	–	Location of headquarters	"Corporate Information" in annual report
	102-4	–	Location of operations	"Our Property Portfolio" in annual report
	102-5	–	Ownership and legal form	stock limited company
	102-6	–	Markets served	"Our Property Portfolio" in annual report

Material Aspects	GRI Indicator	ESG Guide	Description	Section/Remarks
	102-7	–	Scale of the organization	"Business Review" in annual report
	102-8	B1.1	Information on employees and other workers	Build Career for Employees
	102-9	B5.1	Supply Chain	Create Value for Customers
	102-10	–	Significant changes to the organization and its supply chain	No significant change
	102-11	–	Precautionary Principle or approach	Reduce Emissions for the Blue Sky
	102-12	–	External initiatives	Comply with laws and regulations of regions where it operates
	102-13	–	Membership of associations	Provide Harmonious Environment for the Society
Strategy	102-14	–	Statement from senior decision-maker	Chairman's Message
Ethics and Integrity	102-16	–	Values, principles, standards, and norms of behavior	Sustainability Management
Governance	102-18		Governance structure	Sustainability Management
Stakeholder Engagement	102-40	–	List of stakeholder groups	Sustainability Management
	102-41	–	Collective bargaining agreements	Sustainability Management
	102-42	–	Identifying and selecting stakeholders	Sustainability Management
	102-43	–	Approach to stakeholder engagement	Sustainability Management
	102-44	–	Key topics and concern raised	Sustainability Management
Reporting Practice	102-45	–	Entities included in the consolidated financial statements	"Consolidated Financial Statements" in annual report
	102-46	–	Defining report content and topic Boundaries	About the Report
	102-47	–	List of material topics	Sustainability Management
	102-48	–	Restatements of information	About the Report
	102-49	–	Changes in reporting	About the Report
	102-50	–	Reporting period	About the Report
	102-51	–	Date of most recent report	About the Report
	102-52	–	Reporting cycle	About the Report
	102-53	–	Contact point for questions regarding the report	About the Report
	102-54	–	Claims of reporting in accordance with the GRI Standards	About the Report
	102-55	–	GRI content index	Content Index
	102-56	–	External assurance	This ESG report has not been carried out external assurance

Material Aspects	GRI Indicator	ESG Guide	Description	Section/Remarks
Material Aspects				
Environmental				
Environmental Compliance	103 307-1	A1 A1	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	Reduce Emissions for the Blue Sky
Social				
Talent Management	103 401-2	B1 B1	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	Build Career for Employees
	401-1	B1.2	Employee turnover rate by gender, age group and geographical region	Build Career for Employees
Product and Service Quality Management	103	B6	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	Create Value for Customers
		B6.4	Description of quality assurance process and recall procedures	Create Value for Customers
Customer Satisfaction	103	B6	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	Create Value for Customers
		B6.2	Number of products and service related complaints received and how they are dealt with	Create Value for Customers
Social and Economic Compliance	103		Explain how the organization manages the material topic and its impact	Create Value for Customers
	419-1		Non-compliance with laws and regulations in the social and economic area	The Group is not aware of non-compliance with laws and regulations in the social and economic area

Material Aspects	GRI Indicator	ESG Guide	Description	Section/Remarks
Economic				
Company economic performance	103		Explain how the organization manages the material topic and its impact	"Letter to Shareholders" and "Financial Review" in annual report
	201-1		Direct economic value generated and distributed	
Economic Benefits Generated by the Company to Region where it Operates	103		Explain how the organization manages the material topic and its impact	"Letter to Shareholders" and "Financial Review" in annual report
Business Ethics	103		Explain how the organization manages the material topic and its impact	Operate with Integrity and Honesty
Anti-corruption	103	B7	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	Operate with Integrity and Honesty
	205-3	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	Operate with Integrity and Honesty
		B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	
Other Aspects				
Environmental				
Energy		A2	Policies on the efficient use of resources, including energy, water and other raw materials	Reduce Emissions for the Blue Sky
	302-1 302-3	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)	
	302-4	A2.3	Description of energy use efficiency initiatives and results achieved	
Water		A2	Policies on the efficient use of resources, including energy, water and other raw materials	Reduce Emissions for the Blue Sky
	303-1	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	
		A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	
Packaging Material		A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	The Group's operations did not involve material use of packaging material

Material Aspects	GRI Indicator	ESG Guide	Description	Section/Remarks
Emissions	305-1	A1	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	Reduce Emissions for the Blue Sky
	305-2 305-4	A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	
	305-7	A1.1	The types of emissions and respective emissions data	
		A1.5	Description of measures to mitigate emissions and results achieved	
Sewage and Waste		A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Reduce Emissions for the Blue Sky
		A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	
		A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	
The Environment and Natural Resources		A3	Policies on minimizing the issuers' significant impact on the environment and natural resources	Reduce Emissions for the Blue Sky
		A3.1	Description of significant impacts of activities on the environment and natural resources and the actions taken to manage them	
Social				
Health and Safety		B2	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	Build Career for Employees
		B2.1	Number and rate of work-related fatalities	Build Career for Employees
		B2.2	Lost days due to work injury	
		B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	
Development and Training		B3	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Build Career for Employees
	404-1	B3.2	The average training hours completed per employee by gender and employee category	Build Career for Employees

Material Aspects	GRI Indicator	ESG Guide	Description	Section/Remarks
Labor Standards		B4	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 or forced labor	Build Career for Employees
Supply Chain Management		B5	Policies on managing environmental and social risks of the supply chain	Create Value for Customers
Product Responsibility		B6	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	Create Value for Customers
		B6.2	Number of products and service related complaints received and how they are dealt with	Create Value for Customers
		B6.3	Description of practices relating to observing and protecting intellectual property rights	
		B6.4	Description of quality assurance process and recall procedures	
		B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	
Community Investment		B8	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	Provide a Harmonious Environment for the Society
		B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport)	Provide a Harmonious Environment for the Society
		B8.2	Resources contributed (e.g. money or time) to the focus area	

"Comply or explain" provisions set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

Recommended disclosures set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

The Group's profit for the year decreased by 59% to RMB8.728 billion, from RMB21.424 billion in the previous year. The decrease was mainly attributable to the decrease of RMB12.710 billion on gains on bargain purchase from RMB13.107 billion in 2017 to RMB397 million in 2018. Revenue from property development increased by 24% to RMB66.388 billion in 2018 from RMB53.709 billion in 2017 and profit from property development increased by 10% to RMB8.990 billion in 2018 from RMB8.148 billion in 2017. Rental income increased 17% and brought profit for the property investment segment to RMB526 million not taking into account the fair value gains from investment properties of RMB730 million (2017: RMB781 million). The earnings before interest, taxes, depreciation and amortisation of hotel operations was RMB1.251 billion as compared to RMB506 million in the prior year (both excluding the gains on bargain purchase from the acquisition of the hotel assets). The Group's other business segments (including construction services and the soccer team) recorded a loss of RMB877 million as compared with a loss of RMB670 million in the previous year.

The Group carries out its core business of property development in 65 cities. The following comments, with the exception of #7 (on financing costs) and #9 (on net profits), relate only to the results from sales of properties:

CONSOLIDATED INCOME STATEMENT

2018

	Note	**Property development (RMB'000)**	**Property investment (RMB'000)**	**Hotel operations (RMB'000)**	**All other segments (RMB'000)**	**Group (RMB'000)**
Turnover	1	**66,388,492**	**1,101,314**	**7,027,752**	**2,340,124**	**76,857,682**
Cost of sales	2	**(39,649,465)**	**(41,882)**	**(6,034,713)**	**(3,182,113)**	**(48,908,173)**
Gross profit	3	**26,739,027**	**1,059,432**	**993,039**	**(841,989)**	**27,949,509**
Other income and other gains - net	4	**679,016**	**730,012**	**76,742**	**152,485**	**1,638,255**
Selling and administrative expenses	5	**(6,264,995)**	**(128,778)**	**(1,383,862)**	**(440,364)**	**(8,217,999)**
Gains on bargain purchase		**35,136**	**–**	**362,090**	**–**	**397,226**
Operating profit/(loss)		**21,188,184**	**1,660,666**	**48,009**	**(1,129,868)**	**21,766,991**
Finance costs	7	**(4,192,421)**	**(229,142)**	**(780,960)**	**(9,804)**	**(5,212,327)**
Share of results of joint ventures	6	**288,572**	**–**	**–**	**(67)**	**288,505**
Share of results of associates	6	**95,557**	**–**	**–**	**(1,380)**	**94,177**
Profit/(loss) before income tax		**17,379,892**	**1,431,524**	**(732,951)**	**(1,141,119)**	**16,937,346**
Income tax (expense)/credit	8	**(8,390,377)**	**(356,721)**	**273,760**	**264,377**	**(8,208,961)**
Profit /(loss) for the year	9	**8,989,515**	**1,074,803**	**(459,191)**	**(876,742)**	**8,728,385**

2017

	Note	Property development (RMB'000)	Property investment (RMB'000)	Hotel operations (RMB'000)	All other segments (RMB'000)	Group (RMB'000)
Turnover	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

1. Revenue increased by 24% to RMB66.388 billion, from RMB53.709 billion in the previous year. This revenue was based on delivery of 6,113,000 sq.m. of sale properties in the year which was approximately 30% more than the 4,710,000 sq.m. delivered in the previous year. Overall average selling price decreased by 5% to RMB10,860 per sq.m.. Eleven out of fifteen 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 33% of total revenue included Tongzhou R&F Centre in Beijing, R&F City in Chongqing, R&F International Finance Corporate in Foshan, R&F Bailu Wan in Xian, R&F Hot Spring Valley in Huizhou, R&F City in Meizhou, R&F Hongqiao No.10 in Shanghai, R&F City in Wuxi, R&F Princess Cove in Malaysia, R&F Center in Fuzhou, R&F City in Baotou and had average selling price increased between 6% to 44% from the previous year. The four significant projects with selling price decrease were R&F Jinmen Lake in Tianjin, R&F New Town in Tianjin, R&F Bay Shore in Huizhou, R&F Jiangwan New Town in Harbin, which accounted for 12% of total revenue and had a decrease of 4% to 33% in average selling price. New projects accounted for approximately 29% of total revenue. These included R&F Cambridge Court in Ningbo, R&F No. 1 in Huzhou, R&F Shangyue Court in Putian, which together contributed RMB5.623 billion in revenue at an average selling price of RMB11,670 per sq.m. For revenue by city, Huizhou had the highest revenue of RMB4.028 billion and followed by Taiyuan and Tianjin with revenue amounted to RMB3.935 billion and RMB3.933 billion respectively. Revenue of Huizhou for the year increased 8%, from RMB3.742 billion in the prior year. The two flagship projects, R&F Hot Spring Valley and R&F Bay Shore, delivered 344,745 sq.m. at an average selling price of RMB9,890 per sq.m. and generated RMB3.408 billion in revenue. Revenue of Taiyuan decreased 17% due to less revenue generated from the project of R&F City, but its total revenue remained high. Two new projects, R&F Tianxi City and R&F Shangyue Court Phase 2 delivered 162,167 sq.m. at an average selling price of RMB9,970 per sq.m. and generated RMB1.617 billion in revenue. Revenue of Tianjin increased 79%, due to RMB 3.549 billion in revenue from the two continuing projects, R&F New Town and R&F Jinmen Lake. Aside from the three cities mentioned above, Chongqing, Beijing, Shanghai, Wuxi and Ningbo had revenue exceeding RMB3 billion. In Chongqing's case, it was due to the delivery of one flagship project, R&F City with revenue amounted to RMB2.797 billion. The flagship project in Beijing, Tongzhou R&F Centre generated RMB2.131 billion in revenue. In Shanghai's case, it was mainly due to the delivery of one flagship project, R&F Hongqiao No.10. Wuxi's revenue was RMB3.248 billion which mainly attributable to two continuing projects, R&F City and R&F No.10. Ningbo is one of the new cities generated revenue in the year. There were seven cities with revenue exceeding RMB2 billion. They were Huzhou, Baotou, Harbin, Hainan, Foshan, Putian and Xian.

The following table is the summary of revenue by city:

City	Amount of turnover (in RMB million)	Saleable area sold (sq.m.)	Average selling price (RMB/sq.m.)
Huizhou	4,028	381,600	10,560
Taiyuan	3,935	501,300	7,850
Tianjin	3,933	308,200	12,760
Chongqing	3,322	456,000	7,290
Beijing	3,317	168,100	19,730
Shanghai	3,282	86,800	37,820
Wuxi	3,248	216,500	15,000
Ningbo	3,089	200,500	15,410
Huzhou	2,984	287,600	10,380
Baotou	2,524	350,600	7,200
Harbin	2,266	257,900	8,790
Hainan	2,203	116,500	18,900
Foshan	2,170	128,200	16,930
Putian	2,163	241,200	8,970
Xian	2,079	233,900	8,890
Meizhou	1,972	293,700	6,720
Malaysia – Johor Bahru	1,877	115,700	16,220
Fuzhou	1,751	71,300	24,560
Chuzhou	1,499	253,400	5,920
Guangzhou	1,478	87,600	16,870
Hangzhou	1,418	89,000	15,930
Datong	1,218	204,700	5,950
Jiangmen	921	98,000	9,400
Longyan	888	73,100	12,140
Nantong	861	92,900	9,260
Zhuhai	846	38,500	22,010
Xiangtan	805	103,100	7,810
Yantai	800	99,900	8,000
Qinhuangdao	767	81,100	9,460
Guiyang	738	81,300	9,080
Dongying	634	58,900	10,760
Chengdu	471	55,200	8,520
Qingdao	463	43,900	10,550
Anshan	398	59,300	6,710
Nanchang	394	37,500	10,510
Shijiazhuang	327	21,600	15,140
Nanjing	324	21,200	15,260
Cambodia – Phnom Penh	176	14,000	12,610
Huhhot	117	14,900	7,840
Yueqing	115	6,000	19,090

City	Amount of turnover (in RMB million)	Saleable area sold (sq.m.)	Average selling price (RMB/sq.m.)
Shenyang	96	12,400	7,730
Sanming	95	11,400	8,370
Zibo	78	5,100	15,210
Wenzhou	73	6,000	12,150
Tangshan	48	5,500	8,750
Zhangzhou	39	3,200	12,200
Fuyang	33	4,600	7,240
Linfen	27	3,100	8,560
Tieling	26	2,900	8,880
Heze	22	3,200	6,710
Zhenjiang	12	800	16,300
Shanwei	10	1,600	6,210
Handan	7	800	8,760
Fuzhou	7	200	29,920
Others	14	1,500	7,910
Total	**66,388**	**6,113,000**	**10,860**

2. Overall cost of sales and costs of land and construction per sq.m. decreased 9% and 7% respectively to RMB6,490 per sq.m. and RMB5,790 per sq.m. (2017: RMB7,120 per sq.m. and RMB6,220 per sq.m.) with the change in sale mix. The range for land and construction cost per sq.m of individual project ranged from RMB22,400 to RMB2,600. At the high end of the range were residential projects in Shanghai, Beijing and Guangzhou that typically carried higher land and construction costs. In the low end of the range were residential projects in tier 2 or 3 cities. Huizhou, Taiyuan and Tianjin, the top three cities in revenue of the year carried land and construction costs per sq.m. of total average RMB5,540 and due to its weight in the total revenue, had significant effect on overall per sq.m. land and construction costs. In the year under review, land and construction costs accounted for 89% (2017: 87%), levy and business tax 2% (2017: 3%) and capitalized interest 9% (2017: 10%) of overall cost of sales. Capitalized interest included in the cost of sales increased to RMB3.519 billion from 2017's RMB 3.385 billion. As a percentage of revenue from sale of properties, it was decreased to 5.3% from 6.3% compared to previous year. The cost of sales also included RMB718 million (2017: RMB847 million) in levy and business tax.

3. As described above, with the cost of sales per sq.m. decreased by 9% and a stable average selling price, the overall gross margin rose accordingly by 2.7 percentage point to 40.3% from 37.6% in the previous year. Analysing based on the gross margin by city, gross margin of the key cities including Huizhou, Taiyuan and Tianjin were 52.7%, 28.1% and 35.1% respectively as compared to 47.6%, 28.3% and 53.2% the prior year. The gross margins of the Chongqing, Beijing, Shanghai, Wuxi and Ningbo were 42.5%, 46.0%, 36.3%, 40.8%, and 39.0% respectively.

4. Other income and other gains-net were mainly the result of interest income and other operating income.

5. Selling and administrative expenses as a percentage of revenue increased to 9.4% from 8.2% in the previous year due to increase in selling and administration expenses for the year of RMB1.880 billion or 43%. Broken down into its two components, selling expenses increased by RMB566 million to RMB2.291 billion and administrative expenses increased by RMB1.314 billion to RMB3.974 billion. Selling expenses increased mainly due to the number of sales projects in the year further increased to 155 from 88 in the last year. The main component of administrative expenses was personnel costs which increased by RMB666 million for reasons including, among others, that the Group now operates in 77 cities including 4 overseas cities and further strengthening of functional departments.

6. The share of result of associates was mainly derived from the Group's 45% share in the Henan Jian Ye's project. The share of results of joint ventures were mainly 33.34% interests in the Guangzhou Liedecun project, 25% interests in Tianjin Jinnan New Town project, 50% interests in Hines Shanghai New Jiangwan project, 60% interests in Guizhou Daxinan 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 RMB8.339 billion.

7. Finance costs being interest expenses incurred in the year after deduction of amounts capitalized to development costs, increased by 212% to RMB5.212 billion (2017: RMB1.673 billion) mainly coming from an exchange loss of RMB1.765 billion due to the depreciation of the exchange rate of RMB to US dollars. Total interest incurred in the year increased from RMB6.899 billion in the prior year to RMB9.450 billion with outstanding loans at the year-end of approximately RMB163.3 billion (2017: RMB142.2 billion) and an average interest rate of 5.74% (2017: 5.12%). Aggregate interest expenses included in this year's results amounted to RMB8.762 billion (2017: RMB5.125 billion) counting also capitalized interest released to cost of sales of RMB3.550 billion (2017: RMB3.452 billion).

8. Land appreciation tax (LAT) of RMB4.857 billion (2017: RMB3.822 billion) and enterprise income tax of RMB3.534 billion (2017: RMB3.156 billion) brought the Group's total income tax expenses for the year to RMB8.390 billion. As a percentage of turnover, LAT slightly increased to 7.3% from 7.1% in 2017. The effective enterprise income tax rate was 28.2% (2017: 27.9%), deviating from the standard rate by 3.2% because of permanent differences limiting the tax deductible amount.

9. Overall, the Group's profit margin for the year was 10.8%, as compared to 14.0% in the previous year (both not taking into account the gains on bargain purchase).

CONSOLIDATED BALANCE SHEET

	Note	**2018 (RMB'000)**	2017 (RMB'000)	Changes (%)
ASSETS				
Non-current assets				
Land use rights	1	**9,979,114**	9,173,164	9%
Property, plant and equipment	2	**34,896,876**	34,234,093	2%
Investment properties	3	**29,019,386**	24,814,323	17%
Intangible assets	4	**1,110,022**	1,111,274	-0%
Interests in joint ventures	5	**10,265,788**	7,395,522	39%
Interests in associates	6	**390,718**	229,515	70%
Deferred income tax assets	7	**8,716,280**	6,417,490	36%
Available-for-sale financial assets	8	**—**	527,650	-100%
Financial assets at fair value through other comprehensive income	8	**627,967**	—	N/A
Trade and other receivables and prepayments	9	**112,139**	526,289	-79%
Current assets				
Properties under development	10	**150,197,550**	110,865,723	35%
Completed properties held for sale	11	**41,967,903**	33,449,089	25%
Inventories		**974,331**	419,056	133%
Trade and other receivables and prepayments	9	**36,876,446**	33,058,064	12%
Contract assets	12	**724,178**	–	N/A
Tax prepayments	13	**5,628,668**	3,672,939	53%
Restricted cash	14	**14,923,681**	12,517,580	19%
Cash and cash equivalents	14	**19,782,883**	19,697,169	0%
LIABILITIES				
Non-current liabilities				
Long-term borrowings	15	**110,948,510**	113,829,411	-3%
Deferred income tax liabilities	18	**7,665,675**	6,720,368	14%
Current liabilities				
Accruals and other payables	16	**67,434,238**	39,439,990	71%
Contract liabilities	17	**39,306,378**	—	N/A
Deposits received on sale of properties	17	**—**	29,058,143	-100%
Current income tax liabilities	19	**18,628,381**	15,752,952	18%
Short-term borrowings	15	**13,788,898**	15,360,224	-10%
Current portion of long-term borrowings	15	**38,561,266**	13,054,198	195%
TOTAL EQUITY		**69,860,584**	64,893,654	8%
Perpetual capital instruments		**—**	2,404,327	-100%
Non-controlling interests		**1,609,620**	956,974	68%

1. This related to self-use assets and hotels. The increase mainly represented by the new additions of the land cost of the two hotels acquired from Dalian Wanda Commercial Properties Co., Ltd. ("Dalian Wanda") in Kunming and Qiqihar, and a self-use hotel in Shanghai.

2. The increase represented by: 1) the two 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 under construction in Shandong and Shanghai, and one new investment property transferred from property, plant and equipment and land use rights in Guangzhou and 2) the fair value gains of three existing properties in Guangzhou, Beijing and Chengdu.

4. The change mainly due to the acquisition and disposal of soccer team members, and the amortisation charges.

5. Increase mainly being the Group's investment in a project in London, the United Kingdom.

6. Increase mainly being the Group's capital injection to the existing projects and the share of profits of the project in Henan.

7. Increase of deferred income tax assets was mainly resulted from accruals of cost and expense as well as tax losses.

8. The increase of financial assets at fair value through other comprehensive income (2017: available-for-sale financial assets) mainly due to the disposal of Guangzhou Securities Co., Ltd. and the addition of investment in Bank of Jiujiang Co., Ltd and Guangzhou Yuexiu Financial Holdings Group 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 at the end of 2018 including the delivery of Malaysia R&F Princess Cove and Beijing Tongzhou R&F Center. The increase of other receivables was due to increase of deposits for acquisitions of land.

10. The increase was mainly due to land acquisition and ongoing construction activities in various cities, including Huizhou, Chongqing, Wuxi, Taiyuan, Tangshan, Huzhou and oversea cities such as Phnom Penh and London.

11. The increase was mainly due to completion of various projects in Taiyuan, Hainan, Fujian, Huizhou, Shanghai, Foshan, Wuxi and Malaysia.

12. The excess of cumulative revenue recognised in profit or loss over the cumulative billings to purchasers of properties is recognised as contract assets.

13. The increase was due to the rising contract liabilities resulted from sale of properties.

14. Cash maintained at a level adequate for the Group's operation and further development.

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

16. Construction payables and other payables and accrued charges representing approximately 41% and 47% of the total and increased by RMB13.415 billion and RMB11.609 billion respectively.

17. The excess of cumulative billings to purchasers of properties over the cumulative revenue recognised in profit or loss is recognised as contract liabilities. Contract liabilities for progress billing recognized in relation to property development activities were previously presented as deposits received on sale of properties. Increase mainly due to the rate of delivery of completed properties was slower than the rate of cash received from sale of properties during the year.

18. Increase of deferred income tax liabilities was mainly resulted from timing difference in sales recognition and related cost of sales.

19. 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	2018 (RMB'000)	2017 (RMB'000)
Net cash used in operating activities	1	**(8,617,241)**	(7,286,518)
Net cash used in investing activities	2	**(5,809,442)**	(22,584,435)
Net cash generated from financing activities	3	**14,535,885**	24,372,583
Net increase/(decrease) in cash		**109,202**	(5,498,370)
Exchange losses on cash		**(23,488)**	(110,476)
Cash at 1 January		**19,697,169**	25,306,015
Cash at 31 December		**19,782,883**	19,697,169

1. Cash used in land acquisition and payment of interests increased.
2. Significantly decreased as cash payment for acquisition of Wanda Hotel in last year.
3. Decrease mainly due to increase in repayment of borrowings, redemption of perpetual capital instruments and the decrease in guarantee deposits for borrowings was less than last year.

FINANCIAL RESOURCES, LIQUIDITY AND LIABILITIES

At 31 December 2018, the Group's cash amounted to RMB34.71 billion of which RMB32.81 billion was in Renminbi, RMB1.42 billion was in US dollar, RMB100 million was in Malaysian Ringgit, RMB77 million was in Hong Kong dollar, RMB137 million was in Australian dollar, RMB100 million was in British pound, RMB61 million was in Korean won and RMB0.96 million was in Singaporean dollar and with total borrowings at RMB163.30 billion of which RMB128.62 billion was in Renminbi, RMB31.08 billion was in US dollar, RMB1.60 billion was in Hong Kong dollar, RMB1.50 billion was in British pound and RMB502 million was in Australian dollar. Net debt to total equity ratio was at 184.1%. The total borrowings were made up of financing from sources which included 1) bank loans, 2) offshore USD senior notes, 3) domestic bonds, medium-term notes and super & short-term commercial papers and 4) trust loans and others each accounted for 52%, 12%, 25% and 11% respectively. The Group has secured from various relationship banks uncommitted credit facilities of which approximately RMB130.3 billion (2017: RMB121.1 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.

DEBT PROFILE

	Due within					
	1 year	2 years	3-5 years (RMB million)	over 5 years	Total	Interest rate
Bank borrowings	4,811	513	574	100	5,998	Fixed
Bank borrowings	16,464	15,644	19,167	27,417	78,692	Floating
Domestic Bonds	14,928	8,463	9,599	–	32,990	Fixed
Medium-term Notes	–	1,997	–	–	1,997	Fixed
Super & short-term commercial papers	5,168	–	–	–	5,168	Fixed
Senior Notes	4,428	–	15,703	–	20,131	Fixed
Other borrowings	4,416	4,964	–	1,400	10,780	Fixed
Other borrowings	2,046	2,014	2,000	1,348	7,408	Floating
Finance lease liabilities	89	46	–	–	135	Floating
	52,350	**33,641**	**47,043**	**30,265**	**163,299**	

During the year, the Group had an addition of totally USD1.75 billion senior notes with 1 to 5 years maturity at fixed interest rates of 5.000% to 8.875%, RMB7.17 billion super & short-term commercial papers with 270 days maturity at fixed interest rates of 5.30% to 6.50%, RMB3.25 billion domestic non-public corporate bonds with 3 to 4 years maturity at fixed interest rates of 6.80% to 7.70% and RMB4 billion domestic public corporate bonds with 4 years maturity at fixed interest rates of 6.58%. The maturity profile of the Group's total borrowings was well balanced between short, medium and long term debt. Debts due within 1 year, between 1 and 5 years and beyond 5 years accounted for 32%, 49% and 19% of total debts respectively. Bank loans repaid in the year amounted to RMB33.41 billion while new bank loans of RMB56.66 billion were procured. The effective interest rate of the total bank loan portfolio at 31 December 2018 was 5.36% (2017: 4.51%). Exchange rate exposure was manageable as non-RMB borrowings accounted for approximately 21% of total borrowings. The Group will closely monitor the fluctuations of the RMB exchange rate and give prudent consideration as to entering into any currency swap arrangement as and when appropriate for hedging corresponding risks. As at 31 December 2018, 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 senior notes, domestic bonds, medium-term notes and super & short-term commercial papers further reduced interest rate exposure and 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 2018, assets with total carrying values of RMB103.28 billion and the Group's shares of certain subsidiaries were pledged to secure bank loans and other borrowings amounting to RMB94.31 billion (at 31 December 2017: RMB 70.91 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 jointly controlled entities 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 2018, such guarantees totaled RMB74.89 billion, increased by 29% from RMB57.88 billion as at 31 December 2017.

EMPLOYEE AND EMOLUMENT POLICIES

As of 31 December 2018, the Group had approximately 60,325 employees (31 December 2017: 49,239). The total staff costs incurred were approximately RMB3.466 billion during the financial year ended 31 December 2018. 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.

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 2018, 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").

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 Dr. Li Sze Lim and Mr. Zhang Li, the executive directors of the Company, are the members of that function. In 2018, it discussed and reviewed the 2019 debt financing proposal.

The Board is well-diversified in terms of gender, industry experience, professional expertise and education background. As at 31 December 2018, the Board consisted of nine directors, including four executive directors: Dr. 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. Biographical details of the directors and their relationships, if any, are set out on pages 93 to 94 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, Dr. 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	
Zheng Ercheng	4/4
Ng Yau Wah, Daniel	4/4
Wong Chun Bong	4/4

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 2018 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. 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 2017 and the interim results for the six months ended 30 June 2018 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	2/2
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: Dr. 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 makes recommendations to the Board on 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 2018, 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	5
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 41 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: Dr. Li Sze Lim, executive director, and two independent non-executive directors, Mr. Zheng Ercheng and Mr. Wong Chun Bong. Dr. 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. The nomination policy sets out the procedures and criteria for selecting and recommending candidates for directorship. Specific responsibilities of the nomination committee 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
Zheng Ercheng	1/1
Wong Chun Bong	1/1

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 in the Company's general meeting.

DIVIDEND POLICY

The Company has adopted a dividend policy (the "Dividend Policy") which sets out, inter alia, the factors in determining dividend payment. The Board will review the Dividend Policy, as appropriate, in order to maintain a balance between the expectations of shareholders and prudent capital management.

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	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		
Zheng Ercheng	√	√
Ng Yau Wah, Daniel	√	√
Wong Chun Bong	√	√

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

Committee members	Meetings attended/Total
Chen Liangnuan	1/1
Liang Yingmei	1/1
Zhao Xianglin	1/1

During the year, the supervisory committee has also passed written resolutions to approve, inter alia, the election of the chairman of the supervisory committee.

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) Ms. Zhang Lin, the non-executive director of the Company; and (ii) Ms. Liang Yingmei, the supervisor of the Company, will expire on 30 May 2019, all of them, being eligible, have offered themselves for re-election at the forthcoming 2018 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 2018.

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 2018 AGM. During the year, the total remuneration paid in respect of audit services and non-audit services was RMB7.131 million and RMB4.879 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 the Company's 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 risks 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 2018 and for the year ended 31 December 2018. 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.

Voting 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 2018, the Company held two general meetings including the 2017 AGM and an extraordinary general meeting held on 21 December 2018 (the "EGM").

Attendance of the directors at the general meetings is set out below:

Name of Directors	2017 AGM	The EGM
Executive Directors		
Li Sze Lim	√	√
Zhang Li	√	√
Zhou Yaonan	√	√
Lu Jing	√	√
Non-executive Directors		
Zhang Lin	√	√
Li Helen	√	√
Independent Non-executive Directors		
Zheng Ercheng	√	–
Ng Yau Wah, Daniel	√	√
Wong Chun Bong	√	√

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, the Articles of Association was amended with details set out in the circular to the shareholders dated 11 May 2018 and approved by the shareholders in the 2017 AGM.

The directors are pleased to submit their report, together with the audited financial statements of the Group, for the year ended 31 December 2018. The audited financial statements were approved by the directors on 20 March 2019.

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 2018 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 103 to 223 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 225 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 75 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 an environment where the global economy is uncertain, China has imposed some policy easing targeting the property sector. 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 significant financial investments and interaction with numerous parties. 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 an increase in 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 2018, the Company continues to actively develop valuable land and has acquired 61 plots of land in 49 cities and regions, increasing the land bank resources.

Market Risk

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 actively developing markets in tier-2 and tier-3 or 4 cities in China and exploring new overseas markets. In 2018, outside China, the Group has made limited land acquisitions in London.

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 2018, the Group has raised capital through USD senior notes, syndicated loan facility and commercial loans. It has also issued corporate bonds, super & short-term commercial papers and other financing products in China to maintain sufficient financial flexibility.

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 2018 of RMB0.40 per share, or a Hong Kong dollar equivalent of HK$0.458223 per share.

FINAL DIVIDEND

The Board has proposed a final dividend for 2018 of RMB0.83 per share. The proposed final dividend, if approved by the shareholders at the AGM on 30 May 2019, 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 Wednesday, 12 June 2019. The proposed final dividend has not been reflected in the financial statements as at 31 December 2018. 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 Wednesday, 12 June 2019. The payment date of the final dividend will be further announced. The H share register of members of the Company will be closed from Wednesday, 5 June 2019 to Wednesday, 12 June 2019, 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 Tuesday, 4 June 2019.

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

The 2018 AGM of the Company will be held on Thursday, 30 May 2019 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 Thursday, 30 May 2019, the register of members of the Company will be closed from Tuesday, 30 April 2019 to Thursday, 30 May 2019, 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 Monday, 29 April 2019.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2018, 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 RMB28.25 million (2017: RMB14.12 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 2018 are set out in Note 24 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 RMB6.020 billion (2017: approximately RMB4.054 billion).

MAJOR PROPERTIES

Major properties of the Group as at 31 December 2018 are set out on pages 226 to 242 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 2018 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 2018, the Company's distributable reserves were approximately RMB4.334 billion, 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 2018 are set out in the statement of changes in equity on pages 107 to 108 of this annual report.

DIRECTORS AND SUPERVISORS

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

Executive Directors
Dr. 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. Zheng Ercheng
Mr. Ng Yau Wah, Daniel
Mr. Wong Chun Bong

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) Ms. Zhang Lin, the non-executive director of the Company; and (ii) Ms. Liang Yingmei, the supervisor of the Company, will expire on 30 May 2019, all of them, being eligible, have offered themselves for re-election at the forthcoming 2018 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 93 to 97 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 2018.

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

Dr. 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 2018, 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 2018 were as follows:

Director/ Supervisor	Class of shares	Number 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	1,045,092,672				
	H share	16,000,000	5,000,000	16,000,000	1,082,092,672	33.58%
Zhang Li	Domestic share	1,005,092,672	20,000,000			
	H share	6,632,800			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%
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 2018 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%
	Easy Tactic Limited ("Easy Tactic") (Note 3)	Corporate	N/A	N/A
Zhang Li	Tianfu (Note 1)	Corporate	N/A	7.50%
	Fushengli (Note 2)	Corporate	N/A	34.64%
Li Helen	Easy Tactic (Note 4)	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 Dr. 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 Dr. 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 Dr. Li Sze Lim and Mr. Zhang Li at 50% each.

3. Dr. Li Sze Lim, through his spouse, has an interest in US$7,000,000 of the US$800 million 7% senior notes due 2021 issued by Easy Tactic, a wholly-owned subsidiary of the Company.

4. 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 7% senior notes due 2021 issued by Easy Tactic.

Save as disclosed above, as at 31 December 2018, 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 2018, 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	60,657,007 (L) 1,327,200 (S)	5.97% 0.13%
Commonwealth Bank of Australia	H share	53,233,212 (L) 5,067,768 (S)	5.24% 0.49%
Citigroup Inc.	H share	51,717,318 (L) 2,519,618 (S) 45,299,916 (P)	5.09% 0.24% 4.46%
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 2018, 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 2018, the Group entered into transactions with related parties as disclosed in Note 38 "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 39 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
20 March 2019

Dear Shareholders,

During 2018, 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 2018 final results were approved, and will also attend the upcoming 2018 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 2018, 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 2018 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 2018, and has great confidence in its future.

By order of the Supervisory Committee
Chen Liangnuan
Convenor

Guangzhou, China
20 March 2019

EXECUTIVE DIRECTORS

Li Sze Lim (李思廉), JP, HonDBus (Macq), aged 62, is the Chairman of the Company

Dr. 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. Dr. Li obtained his bachelor degree in mathematics in 1978 from the Chinese University of Hong Kong and was awarded a degree of Doctor of Business (Honoris Causa) by Macquarie University in 2018. He was a merchant when starting his career in the real estate business in 1993. In August 1994, Dr. Li and Mr. Zhang Li together founded the Company. He owns over 20 years of experience in real estate development and investment. Dr. 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, a member of the Twelfth Executive Committee of the All-China Federation of Industry and Commerce, a vice chairman of All-China General Chamber of Industry and Commerce, the president and the chairman of the supervisory board of New Home Association Limited and a director and part-time professor of Jinan University. Dr. Li is the brother of Ms. Li Helen who is a non-executive director of the Company. Save as disclosed above, Dr. Li is also a director of certain subsidiaries of the Company.

Zhang Li (張力) aged 66, 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 Dr. 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 65, 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 59, 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 70

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 68

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 Dr. Li Sze Lim.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Zheng Ercheng（鄭爾城）aged 61

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 63

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.

Mr. Ng is also an independent non-executive director of Anchorstone Holdings Limited (Stock code: 1592), a company listed on the Hong Kong Stock Exchange.

Wong Chun Bong（王振邦）aged 60

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) and New Sports Group Limited (Stock code: 299), companies listed on the Hong Kong Stock Exchange.

SUPERVISORS

Chen Liangnuan（陳量暖）aged 69

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 chairman 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 78

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 77

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 52, 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 49, 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 44, 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 53, is a vice president of the Company and chairman 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 and was appointed as chairman of Southern China region in October 2018. Save as disclosed above, Mr. Liu is also a director of certain subsidiaries of the Company.

Zhao Feng（趙渢）aged 49, is a vice president of the Company and chairman of Hainan R&F Properties Development Co., Ltd.

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 40, 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 46, is a vice president of the Company and chairman of Northwestern China region

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 and was appointed as chairman of Northwestern China region in October 2018. Save as disclosed above, Mr. Xiang is also a director of certain subsidiaries of the Company.

Yang Ye（楊曄）aged 39, is a vice president of the Company, chairman 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, 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, as a vice president of the Company in March 2017 and as chairman of Eastern China region in October 2018. Save as disclosed above, Mr. Yang is also a director of certain subsidiaries of the Company.

Xie Wei（謝威）aged 46, is a vice president of the Company and chairman of Central Southern China region

Mr. Xie graduated from Wuhan University of Technology with a master degree in Engineering. Prior to joining the Company, Mr. Xie had held the position of general manager of Guangdong Hopson Yuehua Properties Development Co., Ltd. (廣東合生越華房地產開發有限公司). Upon joining the Company in 2010, Mr. Xie held the positions of vice general manager of the Company's engineering department, assistant to general manager of Southern China region. In 2013, he was appointed as a general manager of Fuzhou R&F Properties Development Co., Ltd.. In 2017, he was appointed as a vice general manager of the Company, general manager of Central Southern China region and the chairman of the companies of Fujian, Jiangxi and Wuhan. In May 2018, he was appointed as a vice president of the Company. Mr. Xie was appointed as the chairman of Central Southern China region in October 2018. Mr. Xie is currently a vice president of the Company and chairman of Central Southern China region in October 2018. Save as disclosed above, Mr. Xie is also a director of certain subsidiaries of the Company.

Hu Jie（胡杰）aged 43, is a vice general manager, secretary of the Board and general manager of Capital Operating Center 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. In February 2019, he was appointed as vice general manager of the Company and general manager of Capital Operating Center. Mr. Hu is currently a vice general manager, secretary of the Board and general manager of Capital Operating Center of the Company.

Mr. Hu is an independent non-executive director of Mobvista Inc. (Stock code: 1860), a company listed on the Hong Kong Stock Exchange.

INDEPENDENT AUDITOR'S REPORT

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 103 to 223, which comprise:

- the consolidated balance sheet as at 31 December 2018;
- 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 2018, 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 disclosure requirements of 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 judgement, 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 identified in our audit are summarised as follows:

- Valuation of investment properties
- Recognition of revenue from sales of properties over time

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuations of investment properties Refer to Note 2.9 "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 RMB29,019,386,000 as at 31 December 2018, with a revaluation gain of RMB730,012,000 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 were derived using the term and reversionary method or the direct comparison method, where applicable. Fair values of investment properties under construction were derived using the residual method or term and reversionary method. We focused on this area as the valuations included certain key assumptions that involved significant management estimates, including term and reversionary yields, market rents, market prices, budgeted construction costs to be incurred and developer's profit (the "Key Assumptions I").	Our audit procedures in relation to management's valuations of investment properties included the followings: • 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 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 investment properties valued and our market research results; and • Performed sensitivity analysis over the key assumptions. We found the key assumptions used in the valuation of investment properties, including the Key Assumptions I, were supported by available evidence.

Key Audit Matter	How our audit addressed the Key Audit Matter
Recognition of revenue from sales of properties over time Refer to Note 2.2(b) "Changes in accounting policies – HKFRS 15 Revenue from Contracts with Customers", Note 4 "Critical accounting estimates and judgements" and Note 5 "Segment information" to the consolidated financial statements. Revenue from sales of properties is recognised over time when the Group's performance under a sales contract does 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; otherwise, the revenue is recognised at a point in time when the buyer obtains control of the completed property. For the year ended 31 December 2018, revenue of the Group from sales of properties was RMB66,388,492,000, of which RMB26,086,084,000 was recognised over time. The Group may not change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the buyer and thus the property unit does not have an alternative use to the Group. Significant management's judgement was involved in determining whether there is an enforceable right to payment which depends on the terms of sales contract and the interpretation of the laws applicable to the contract. The Group obtained legal counsel opinion regarding the enforceability of the right to payment for certain sales contracts. Management used judgements, based on legal counsel opinion, to classify sales contracts into those with right to payment and those without. In addition, for the revenue from sales of properties recognised over time, the Group recognises revenue by measuring the progress towards complete satisfaction of the performance obligation at the reporting date. The progress is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the construction costs incurred up to the end of the reporting period as a percentage of total estimated costs for each property unit in the contract. Significant judgements and estimations are required in determining the completeness of the estimated total costs and the accuracy of progress towards complete satisfaction of the performance obligation at the reporting date. Given the involvement of significant judgements and estimations, recognition of revenue from sales of properties over time is considered a key audit matter.	To address this key audit matter, we performed audit procedures as follows: In assessing the appropriateness of management's judgements as to whether the Group has the enforceable right to payment in those sales contracts recognised over time, we have: (i) Understood and evaluated management's procedures in identifying sales contracts with or without enforceable right to payment; (ii) Reviewed the key terms of a sample of sales contracts to assess the presence of right to payment based on the contract terms; (iii) Obtained and reviewed the opinion of the Group's legal counsel, in particular, the legal counsel's interpretation of the applicable laws and their implication on the assessment of the enforceability of the right to payment; (iv) Assessed the competence, experience and objectivity of the legal counsel engaged by management. In respect of the completeness of the estimated total contract costs and the accuracy of progress towards complete satisfaction of the performance obligation, we have: (i) Understood, evaluated and validated the internal controls over the generation of cost data of the property unit; (ii) Assessed the reasonableness of the basis for cost allocation and checked the mathematical accuracy of the cost allocation and progress of the property unit; (iii) Assessed the reasonableness of the cost budgets for the project and property unit under development by comparison to the actual cost of completed projects and property units, taking into account the type of properties and saleable floor areas; (iv) Compared the estimated total development costs of the project and property unit to the budget approved by management; (v) Tested the development costs incurred by tracing to the supporting documents and the reports from external or internal supervising engineers. We found that the significant judgements and estimations used in determining whether the Group has the enforceable right to payment, and the completeness of the estimated total costs and the accuracy of progress towards complete satisfaction of the performance obligation at the reporting date were supportable by 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, 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 judgement 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, 20 March 2019

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	As at 31 December 2018	2017
ASSETS			
Non-current assets			
Land use rights	7	**9,979,114**	9,173,164
Property, plant and equipment	8	**34,896,876**	34,234,093
Investment properties	9	**29,019,386**	24,814,323
Intangible assets	10	**1,110,022**	1,111,274
Interests in joint ventures	12	**10,265,788**	7,395,522
Interests in associates	13	**390,718**	229,515
Deferred income tax assets	25	**8,716,280**	6,417,490
Available-for-sale financial assets	14	**–**	527,650
Financial assets at fair value through other comprehensive income	14	**627,967**	–
Trade and other receivables and prepayments	18	**112,139**	526,289
		95,118,290	84,429,320
Current assets			
Properties under development	16	**150,197,550**	110,865,723
Completed properties held for sale	17	**41,967,903**	33,449,089
Inventories		**974,331**	419,056
Trade and other receivables and prepayments	18	**36,876,446**	33,058,064
Contract assets	5	**724,178**	–
Tax prepayments		**5,628,668**	3,672,939
Restricted cash	19	**14,923,681**	12,517,580
Cash and cash equivalents	20	**19,782,883**	19,697,169
		271,075,640	213,679,620
Total assets		**366,193,930**	298,108,940
EQUITY			
Equity attributable to owners of the Company			
Share capital	21	**805,592**	805,592
Other reserves	22	**4,864,287**	4,566,257
Retained earnings		**62,581,085**	56,160,504
		68,250,964	61,532,353
Perpetual capital instruments		**–**	2,404,327
Non-controlling interests		**1,609,620**	956,974
Total equity		**69,860,584**	64,893,654

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	As at 31 December 2018	2017
LIABILITIES			
Non-current liabilities			
Long-term borrowings	24	**110,948,510**	113,829,411
Deferred income tax liabilities	25	**7,665,675**	6,720,368
		118,614,185	120,549,779
Current liabilities			
Accruals and other payables	23	**67,434,238**	39,439,990
Contract liabilities	5	**39,306,378**	–
Deposits received on sale of properties		**–**	29,058,143
Current income tax liabilities	26	**18,628,381**	15,752,952
Short-term borrowings	24	**13,788,898**	15,360,224
Current portion of long-term borrowings	24	**38,561,266**	13,054,198
		177,719,161	112,665,507
Total liabilities		**296,333,346**	233,215,286
Total equity and liabilities		**366,193,930**	298,108,940

The notes on pages 110 to 223 are an integral part of these consolidated financial statements.

The financial statements on pages 103 to 223 were approved by the Board of Directors on 20 March 2019 and were signed on its behalf.

Li Sze Lim
Director

Zhang Li
Director

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	Year ended 31 December 2018	2017
Revenue	5	**76,857,682**	59,277,855
Cost of sales	29	**(48,908,173)**	(38,315,554)
Gross profit		**27,949,509**	20,962,301
Other income	27	**705,975**	379,863
Other gains – net	28	**932,280**	945,185
Selling and marketing costs	29	**(2,556,510)**	(1,814,776)
Administrative expenses	29	**(5,634,288)**	(3,513,480)
Net impairment losses on financial and contract assets		**(27,201)**	(13,502)
Gains on bargain purchase	6	**397,226**	13,107,560
Operating profit		**21,766,991**	30,053,151
Finance costs	31	**(5,212,327)**	(1,672,979)
Share of results of joint ventures		**288,505**	(33,322)
Share of results of associates		**94,177**	128,170
Profit before income tax		**16,937,346**	28,475,020
Income tax expenses	32	**(8,208,961)**	(7,050,765)
Profit for the year		**8,728,385**	21,424,255
Profit attributable to:			
– Owners of the Company		**8,371,237**	21,186,451
– Holders of perpetual capital instruments		**33,433**	143,567
– Non-controlling interests		**323,715**	94,237
		8,728,385	21,424,255
Basic and diluted earnings per share for profit attributable to owners of the Company (expressed in RMB Yuan per share)	33	**2.5979**	6.5748

The notes on pages 110 to 223 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in RMB Yuan thousands unless otherwise stated)

		Year ended 31 December	
	Note	**2018**	2017
Profit for the year		**8,728,385**	21,424,255
Other comprehensive income/(loss)			
Items that may not be reclassified to profit or loss			
– Change in the fair value of financial assets at fair value through other comprehensive income, net of tax	22	**(71,475)**	–
– Revaluation gains on investment properties transferred from property, plant and equipment and land use rights, net of tax	22	**469,558**	–
Items that may be reclassified to profit or loss			
– Fair value losses on available-for-sale financial assets, net of tax	22	**–**	(136,860)
– Share of other comprehensive income of joint ventures accounted for using the equity method	22	**37,118**	–
– Currency translation differences	22	**(36,910)**	21,024
Other comprehensive income/(loss) for the year, net of tax		**398,291**	(115,836)
Total comprehensive income for the year		**9,126,676**	21,308,419
Total comprehensive income attributable to:			
– Owners of the Company		**8,769,528**	21,070,615
– Holders of perpetual capital instruments		**33,433**	143,567
– Non-controlling interests		**323,715**	94,237
		9,126,676	21,308,419

The notes on pages 110 to 223 are an integral part of these consolidated financial statements.

(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

(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 31 December 2017 as originally presented	805,592	4,566,257	56,160,504	61,532,353	2,404,327	956,974	64,893,654
Adjustment on adoption of HKFRS 9, net of tax (Note 2.2)	–	–	(177,290)	(177,290)	–	(150)	(177,440)
Adjustment on adoption of HKFRS 15, net of tax (Note 2.2)	–	–	1,863,123	1,863,123	–	29,872	1,892,995
Restated total equity at 1 January 2018	805,592	4,566,257	57,846,337	63,218,186	2,404,327	986,696	66,609,209
Comprehensive income							
Profit for the year	–	–	8,371,237	8,371,237	33,433	323,715	8,728,385
Other comprehensive income							
Change in the fair value of financial assets at fair value through other comprehensive income, net of tax	–	(71,475)	–	(71,475)	–	–	(71,475)
Revaluation gains on investment properties transferred from property, plant and equipment and land use rights, net of tax	–	469,558	–	469,558	–	–	469,558
Share of other comprehensive income of joint ventures accounted for using the equity method	–	37,118	–	37,118	–	–	37,118
Currency translation differences	–	(36,910)	–	(36,910)	–	–	(36,910)
Total other comprehensive income, net of tax	–	398,291	–	398,291	–	–	398,291
Total comprehensive income for the year	–	398,291	8,371,237	8,769,528	33,433	323,715	9,126,676
Transfer of gains on disposal of equity investments at fair value through other comprehensive income to retained earnings	–	(100,261)	133,681	33,420	–	–	33,420
Transactions with owners							
Capital contributions from non-controlling interests	–	–	–	–	–	224,350	224,350
Acquisitions of subsidiaries	–	–	–	–	–	74,859	74,859
Dividends for the year	–	–	(3,770,170)	(3,770,170)	–	–	(3,770,170)
Redemptions of perpetual capital instruments	–	–	–	–	(2,400,000)	–	(2,400,000)
Distributions to holders of perpetual capital instruments	–	–	–	–	(37,760)	–	(37,760)
Total transactions with owners	–	–	(3,770,170)	(3,770,170)	(2,437,760)	299,209	(5,908,721)
Balance at 31 December 2018	805,592	4,864,287	62,581,085	68,250,964	–	1,609,620	69,860,584

The notes on pages 110 to 223 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 2018	2017
Cash flows from operating activities			
Cash generated from operations	35(a)	**7,895,233**	3,267,477
Interest paid		**(8,836,933)**	(6,355,828)
Enterprise income tax and land appreciation tax paid		**(7,675,541)**	(4,198,167)
Net cash used in operating activities		**(8,617,241)**	(7,286,518)
Cash flows from investing activities			
Purchases of property, plant and equipment and land use rights		**(3,444,613)**	(1,819,327)
Purchases of intangible assets		**(131,794)**	(72,373)
Additions of investment properties		**(665,577)**	(196,630)
Proceeds from disposals of property, plant and equipment		**4,764**	2,099
Proceeds from disposals of land use rights		**–**	100,790
Proceeds from disposals of intangible assets		**98,568**	101,446
Investments in financial assets at fair value through other comprehensive income (2017:available-for-sale financial assets), joint ventures and associates		**(521,499)**	(947,808)
Proceeds from disposal of a joint venture		**66,525**	–
Proceeds from disposal of an associate		**–**	240,623
Acquisitions of subsidiaries, net of cash acquired		**(1,120,421)**	(18,639,771)
Prepayment made for potential acquisitions of subsidiaries		**(68,160)**	(525,369)
Cash advances and repayments from related parties		**4,807,202**	3,272,214
Cash advances and repayments to related parties		**(5,097,879)**	(4,341,255)
Acquisition of additional equity interest, net of cash acquired		**(17,671)**	–
Dividends received on available-for-sale financial assets		**–**	10,233
Dividends received from an associate		**3,542**	31,837
Interest received		**277,571**	198,856
Net cash used in investing activities		**(5,809,442)**	(22,584,435)
Cash flows from financing activities			
Proceeds from borrowings, net of transaction costs	35(b)	**91,910,812**	66,076,750
Repayments of borrowings	35(b)	**(73,469,871)**	(44,822,714)
Repayments of finance lease liabilities	35(b)	**(97,906)**	(101,984)
Decrease in guarantee deposits for borrowings		**2,169,882**	6,656,795
Redemption of perpetual capital instruments		**(2,400,000)**	–
Distributions paid to holders of perpetual capital instruments		**(37,760)**	(143,567)
Purchases of non-controlling interests		**–**	(13,146)
Capital contributions from non-controlling interests		**224,350**	39,487
Dividends paid to owners of the Company		**(3,763,622)**	(3,319,038)
Net cash generated from financing activities		**14,535,885**	24,372,583
Net increase/(decrease) in cash and cash equivalents		**109,202**	(5,498,370)
Exchange losses on cash and cash equivalents		**(23,488)**	(110,476)
Cash and cash equivalents at beginning of year		**19,697,169**	25,306,015
Cash and cash equivalents at end of year	20	**19,782,883**	19,697,169

The notes on pages 110 to 223 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.

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 Group consisting of 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 financial assets at fair value through other comprehensive income (2017: 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 2018.

Standards	Subject
HKAS 28 (Amendment)	Investments in Associates and Joint Ventures
HKAS 40 (Amendments)	Transfers of Investment Property
HKFRS 1 (Amendment)	First Time Adoption of HKFRS
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HK (IFRIC) 22	Foreign Currency Transactions and Advance Consideration

The impact of the adoption of HKFRS 9 and HKFRS 15 are disclosed in Note 2.2 below. The other standards, amendments and interpretation did not have a material impact or are not relevant to the Group.

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

Certain new accounting standards, amendments to existing standards and interpretation have been published that are not mandatory for 31 December 2018 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new accounting standards, amendments to existing standards and interpretation is set out below.

Standards	Subject	Effective for annual periods beginning on or after
HKFRS 9 (Amendment)	Prepayment Features with Negative Compensation	1 January 2019
HKAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement	1 January 2019
HKAS 28 (Amendment)	Long-term Interests in Associates and Joint Ventures	1 January 2019
HKFRS 16 (Note (i))	Leases	1 January 2019
Annual Improvements 2015-2017 Cycle	Improvements to HKFRSs	1 January 2019
HK (IFRIC) 23	Uncertainty over Income Tax Treatments	1 January 2019
HKAS 1 and HKAS 8 (Amendments)	Definition of Material	1 January 2020
HKFRS 3 (Amendments)	Definition of a Business	1 January 2020
HKFRS 17	Insurance Contracts	1 January 2021
HKFRS 10 and HKAS 28 (Amendments)	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 interpretation not yet adopted (continued)

(i) HKFRS 16 Leases

Nature of change

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet by lessees, 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

As at 31 December 2018, the Group has non-cancellable operating lease commitments of RMB141,938,000, see Note 37. The Group has reviewed all of the Group's leasing arrangements over the last year in light of the new lease accounting rules in HKFRS 16. The standard will affect primarily the accounting for the Group's operating leases.

The Group expects to increase in the amount of recognised financial liabilities and right-of-use assets for significant long term lease contracts. Operating cash flows will increase and financing cash flows decrease as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

The Group does not expect any significant impact on the financial statements for the Group's activities as a lessor. However, some additional disclosures will be required from next year.

Date of adoption by Group

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

There are no other standards, amendments to existing standards or interpretation that are not yet effective that would be expected to have a material impact on the Group.

(All amounts in RMB Yuan thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies

This note explains the impact of the adoption of HKFRS 9 *Financial Instruments* and HKFRS 15 *Revenue from Contracts with Customers* on the Group's financial statements.

(a) Impact on the financial statements

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below.

	As at 1 January 2018			
	As originally presented	HKFRS 15	HKFRS 9	Restated
Consolidated balance sheet(extract)				
Non-current assets				
Deferred income tax assets	6,417,490	(366,920)	44,929	6,095,499
Available-for-sale financial assets ("AFS")	527,650	–	(527,650)	–
Financial assets at fair value through other comprehensive income ("FVOCI")	–	–	527,650	527,650
Current assets				
Properties under development	110,865,723	(3,953,084)	–	106,912,639
Trade and other receivables and prepayments	33,058,064	477,842	(221,080)	33,314,826
Contract assets	–	1,529,685	(15,297)	1,514,388
Tax prepayments	3,672,939	(110,971)	–	3,561,968
Total assets	298,108,940	(2,423,448)	(191,448)	295,494,044
Non-current liabilities				
Deferred income tax liabilities	6,720,368	297,599	(14,008)	7,003,959
Current liabilities				
Accruals and other payables	39,439,990	(357,395)	–	39,082,595
Contract liabilities	–	24,521,797	–	24,521,797
Deposits received on sale of properties	29,058,143	(29,058,143)	–	–
Current income tax liabilities	15,752,952	279,699	–	16,032,651
Total liabilities	233,215,286	(4,316,443)	(14,008)	228,884,835
Equity				
Retained earnings	56,160,504	1,863,123	(177,290)	57,846,337
Non-controlling interests	956,974	29,872	(150)	986,696
Total equity	64,893,654	1,892,995	(177,440)	66,609,209

(All amounts in RMB Yuan thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies (Continued)

(b) HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 replaces the provisions of HKAS 18 Revenue ("HKAS 18") and HKAS 11 Construction Contracts ("HKAS 11") that relate to the recognition, classification and measurement of revenue and costs.

The Group has adopted HKFRS 15 from 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. In accordance with the transitional provisions in HKFRS 15, comparative figures have not been restated.

The impact on the Group's financial position by the application of HKFRS 15 as compared to HKAS 18 and HKAS 11 that was previously in effect before the adoption of HKFRS 15 is as follows:

	As at 1 January 2018			
	As originally presented	Reclassifications under HKFRS 15	Adjustments under HKFRS 15	Restated
Consolidated balance sheet (extract)				
Deferred income tax assets	6,417,490	–	(366,920)	6,050,570
Properties under development	110,865,723	–	(3,953,084)	106,912,639
Trade and other receivables and prepayments	33,058,064	–	477,842	33,535,906
Contract assets	–	–	1,529,685	1,529,685
Tax prepayments	3,672,939	–	(110,971)	3,561,968
Accruals and other payables	39,439,990	(670,554)	313,159	39,082,595
Contract liabilities	–	29,728,697	(5,206,900)	24,521,797
Deposits received on sale of properties	29,058,143	(29,058,143)	–	–
Current income tax liabilities	15,752,952	–	279,699	16,032,651
Deferred income tax liabilities	6,720,368	–	297,599	7,017,967

The impact on the Group's retained earnings as at 1 January 2018 is as follows:

Opening retained earnings	56,160,504
Recognition of revenue and cost of sales	2,470,342
Recognition of asset for costs to obtain a contract	477,842
Tax impact	(1,055,189)
Share by non-controlling interests, net of tax	(29,872)
Adjustments to retained earnings from adoption of HKFRS 15	1,863,123
Opening retained earnings — HKFRS 15	58,023,627

(All amounts in RMB Yuan thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies (Continued)

(b) HKFRS 15 *Revenue from Contracts with Customers (Continued)*

The following tables summarise the estimated impact of adoption of HKFRS 15 on the Group's consolidated financial statements for the year ended 31 December 2018, by comparing the amounts reported under HKFRS 15 in these consolidated financial statements with estimates of the hypothetical amounts that would have been recognised under HKAS 18 and HKAS 11 if those superseded standards had continued to apply to 2018 instead of HKFRS 15. These tables show only those line items impacted by the adoption of HKFRS 15:

	Year ended 31 December 2018		
	Amounts reported in accordance with HKFRS 15	**Hypothetical amounts under HKAS 18 and HKAS 11**	**Difference: Impact of adoption of HKFRS 15 on 2018**
Line items in the consolidated income statement for the year ended 31 December 2018 impacted by the adoption of HKFRS 15:			
Revenue	76,857,682	76,805,364	52,318
Cost of sales	(48,908,173)	(49,068,211)	160,038
Gross profit	27,949,509	27,737,153	212,356
Selling and marketing costs	(2,556,510)	(2,698,750)	142,240
Operating profit	21,766,991	21,412,395	354,596
Profit before income tax	16,937,346	16,582,750	354,596
Income tax expenses	(8,208,961)	(8,019,053)	(189,908)
Profit for the year	8,728,385	8,563,697	164,688
Profit attributable to:			
– Owners of the Company	8,371,237	8,265,939	105,298
– Non-controlling interests	323,715	264,325	59,390
Basic and diluted earnings per share for profit attributable to owners of the Company (expressed in RMB Yuan per share)	2.5979	2.5652	0.0327

(All amounts in RMB Yuan thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies (Continued)

(b) HKFRS 15 *Revenue from Contracts with Customers (Continued)*

	Year ended 31 December 2018		
	Amounts reported in accordance with HKFRS 15	Hypothetical amounts under HKAS 18 and HKAS 11	Difference: Impact of adoption of HKFRS 15 on 2018
Line items in the consolidated statement of comprehensive income for the year ended 31 December 2018 impacted by the adoption of HKFRS 15:			
Total comprehensive income for the year	9,126,676	8,961,988	164,688
Total comprehensive income attributable to:			
– Owners of the Company	8,769,528	8,664,230	105,298
– Non-controlling interests	323,715	264,325	59,390

	As at 31 December 2018		
	Amounts reported in accordance with HKFRS 15	Hypothetical amounts under HKAS 18 and HKAS 11	Difference: Impact of adoption of HKFRS 15 on 2018
Line items in the consolidated balance sheet as at 31 December 2018 impacted by the adoption of HKFRS 15:			
Deferred income tax assets	8,716,280	9,223,102	(506,822)
Non-current assets	95,118,290	95,625,112	(506,822)
Properties under development	150,197,550	153,990,705	(3,793,155)
Trade and other receivables and prepayments	36,876,446	36,256,256	620,190
Contract assets	731,493	-	731,493
Tax prepayments	5,628,668	5,721,830	(93,162)
Current assets	271,075,640	273,610,274	(2,534,634)
Accruals and other payables	67,434,238	67,990,515	(556,277)
Contract liabilities	39,306,378	-	39,306,378
Deposits received on sale of properties	-	44,494,352	(44,494,352)
Current income tax liabilities	18,628,381	18,213,605	414,776
Current liabilities	177,719,161	183,048,636	(5,329,475)
Deferred income tax liabilities	7,665,675	7,435,339	230,336
Non-current liabilities	118,614,185	118,383,849	230,336
Retained earnings	62,581,085	60,612,664	1,968,421
Non-controlling interests	1,609,620	1,520,358	89,262
Total equity	69,860,584	67,802,901	2,057,683

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies (Continued)

(b) HKFRS 15 Revenue from Contracts with Customers (Continued)

(i) Presentation of contract liabilities

Reclassifications were made as at 1 January 2018 to be consistent with the terminology used under HKFRS 15:

- Contract liabilities for progress billing recognised in relation to property development activities were previously presented as deposits received on sale of properties.
- Contract liabilities for advance received from customers relating to other services were previously presented as accruals and other payables.

(ii) Accounting for property development activities

In prior reporting periods, the Group accounted for property development activities when significant risk and rewards of ownership have been transferred to the customers on delivery in its entirety at a single time upon vacant possession and not continuously as construction progresses.

Under HKFRS 15, for properties that have no alternative use to the Group due to contractual reasons and when the Group has an enforceable right to payment from the customers for performance completed to date, the Group recognises revenue as the performance obligation is satisfied over time in accordance with the input method for measuring progress.

The excess of cumulative revenue recognised in profit or loss over the cumulative billings to purchasers of properties is recognised as contract assets.

The excess of cumulative billings to purchasers of properties over the cumulative revenue recognised in profit or loss is recognised as contract liabilities.

Details of the accounting policies under HKFRS 15 are disclosed in Note 2.30.

(iii) Accounting for costs incurred to obtain a contract

Following the adoption of HKFRS 15, stamp duty, sales commissions and other costs directly attributable to obtaining a contract, if recoverable, are capitalised and included in trade and other receivables and prepayments in the balance sheet. In prior years, such costs were expensed as they did not qualify for recognition as an asset under any of the other accounting standards.

The asset is amortised in accordance with the pattern of recognition of the associated revenue.

(All amounts in RMB Yuan thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies (Continued)

(c) HKFRS 9 Financial Instruments

The Group has adopted HKFRS 9 from 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. In accordance with the transitional provisions in HKFRS 9, comparative figures have not been restated. As a consequence, any adjustments to carrying amounts of financial assets or liabilities are recognised at the beginning of the current reporting period, with the difference recognised in opening retained earnings. Provisions for impairment have not been restated in the comparative period, as well.

The accounting policies were changed to comply with HKFRS 9. HKFRS 9 replaces the provisions of HKAS 39 Financial Instruments ("HKAS 39") that relate to the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. HKFRS 9 also significantly amends other standards dealing with financial instruments such as HKFRS 7 Financial Instruments — Disclosures.

The total impact on the Group's retained earnings due to classification and measurement of financial instruments as at 1 January 2018 is as follows:

	Notes	
Opening retained earnings — after HKFRS 15 restatement		**58,023,627**
Increase in provision for trade and other receivables, net of tax	(ii)	**(165,875)**
Increase in provision for contract assets, net of tax	(ii)	**(11,565)**
Share by non-controlling interests, net of tax	(ii)	**150**
Adjustments to retained earnings from adoption of HKFRS 9		**(177,290)**
Opening retained earnings — HKFRS 15 and HKFRS 9		**57,846,337**

(i) Classification and measurement

Management has assessed the business models and the contractual terms of the cash flows applied to the financial assets held by the Group at the date of initial application of HKFRS 9 (1 January 2018) and has classified its financial instruments into the appropriate HKFRS 9 categories, which are those to be measured at FVOCI and those to be measured at amortised cost. The main effects resulting from this reclassification are as follows:

At 1 January 2018	AFS	Financial assets at FVOCI
Opening balance — HKAS 39	**527,650**	**–**
Reclassify non-trading unlisted securities from AFS to financial assets at FVOCI	**(527,650)**	**527,650**
Opening balance — HKFRS 9	**–**	**527,650**

(All amounts in RMB Yuan thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies (Continued)

(c) HKFRS 9 Financial Instruments (Continued)

(i) Classification and measurement (Continued)

The main effects resulting from this reclassification on the Group's equity is as follows:

At 1 January 2018	Effect on AFS reserves	Effect on financial assets at FVOCI reserves
Opening balance — HKAS 39	271,548	–
Reclassify non-trading unlisted securities from AFS to financial assets at FVOCI	(271,548)	271,548
Opening balance — HKFRS 9	–	271,548

The Group elected to present in other comprehensive income changes in the fair value of all its equity investments previously classified as AFS, because these investments are held as long-term strategic investments that are not expected to be sold in the short to medium term. As a result, assets with a fair value of RMB527,650,000 were reclassified from AFS to financial assets at FVOCI and the accumulated fair value gains of RMB271,548,000 were reclassified from the AFS reserves to the financial assets at FVOCI reserves on 1 January 2018.

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.

(ii) Impairment of financial and contract assets

Besides of contract assets, the Group has one type of financial assets that is subject to HKFRS 9's expected credit loss model:

- trade and other receivables

The Group was required to revise its impairment methodology under HKFRS 9 for this class of assets. The impact of the change in impairment methodology on the Group's retained earnings and equity is disclosed in the table in Note 2.2(c) above.

While restricted cash and cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies (Continued)

(c) HKFRS 9 Financial Instruments (Continued)

(ii) Impairment of financial and contract assets (Continued)

For trade receivables (excluding trade receivables due from joint ventures and associates) and contract assets, the Group applies the simplified approach prescribed by HKFRS 9 to providing for expected credit losses, which uses lifetime expected loss provision for all trade receivables and contract assets. RMB177,290,000 was recognised in retained earnings as at 1 January 2018 for those trade receivables (excluding trade receivables due from joint ventures and associates) and contract assets whose credit risk has been assessed as other than low.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and aging. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. Note 3.1(b) provides for details about the calculation of the allowance.

For trade receivables due from joint ventures and associates and other receivables (including amounts due from joint ventures and associates), management makes periodic collective assessments as well as individual assessment on the recoverability of trade receivables due from joint ventures and associates and other receivables (including amounts due from joint ventures and associates) based on historical settlement records and past experience. The directors believe that there is no material credit risk inherent in the Group's outstanding balance of trade receivables due from joint ventures and associates and other receivables (including amounts due from joint ventures and associates). There was no material impact on the retained earnings as at 1 January 2018 for trade receivables due from joint ventures and associates and other receivables (including amounts due from joint ventures and associates).

2.3 Principles of consolidation and equity accounting

2.3.1 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 2.4).

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Principles of consolidation and equity accounting (Continued)

2.3.2 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 2.3.4 below), after initially being recognised at cost.

2.3.3 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 2.3.4 below), after initially being recognised at cost in the consolidated balance sheet.

2.3.4 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.

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 2.11.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Principles of consolidation and equity accounting (Continued)

2.3.5 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 Company.

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.

2.4 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Business combination (Continued)

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.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. 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.

2.5 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.

2.6 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 of the Company who make strategic decisions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 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 income statement 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)

2.8 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:

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

Buildings mainly comprise 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 2.11).

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

Assets under construction mainly represent hotel buildings and an amusement park under construction and are stated at historical cost less accumulated impairment losses, if any. Historical cost includes direct costs of construction, amortisation of land use rights 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.

2.9 Investment properties

Investment properties, principally office buildings, retail buildings and warehouse, 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 "other gains – net".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Intangible assets

(a) Goodwill

Goodwill is measured as described in Note 2.4. 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 subsequently 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 subsequently carried at cost less accumulated amortization and impairment losses. 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 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.

2.12 Investments and other financial assets

(a) Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Investments and other financial assets (Continued)

(c) 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.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.The Group classified its debt instruments in the following measurement category.

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "other gains – net". Impairment losses are presented as separate line item in the income statement. Interest income from these financial assets is included in "other income" using the effective interest rate method.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established. Changes in the fair value of financial assets at fair value through profit or loss are recognised in 'other gains-net' in the consolidated income statement as applicable.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(d) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial assets.

For trade receivables and contract assets, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of the contract assets and trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Investments and other financial assets (Continued)

(d) Impairment (Continued)

Impairment on other receivables from third parties and related parties are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

(e) Accounting policies applied until 31 December 2017

The Group has applied HKFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

Until 31 December 2017 the Group classifies its financial assets into loans and receivables and AFS. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Reclassification

The Group could 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 were permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that was unusual and highly unlikely to recur in the near term. In addition, the Group could 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 had the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

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

(ii) Subsequent measurement

The measurement at initial recognition did not change an adoption of HKFRS 9,see description above.

Subsequent to the initial recognition, loans and receivables were subsequently carried at amortised cost using the effective interest method.

AFS were subsequently carried at fair value. Gains or losses arising from changes in the fair value of AFS are recognised in other comprehensive income.

When securities classified as AFS were sold, the accumulated fair value adjustments recognised in other comprehensive income were reclassified to profit or loss as "other gains-net" from investment securities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Investments and other financial assets (Continued)

(e) Accounting policies applied until 31 December 2017 (Continued)

(iii) Impairment

The Group assesses at the end of each reporting period whether there was objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets was impaired and impairment losses were incurred only if there was 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) had an impact on the estimated future cash flows of the financial asset or group of financial assets that could be reliably estimated. In the case of equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost was considered an indicator that the assets are impaired.

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 was 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 was reduced and the amount of the loss was recognised in the income statement. If a loan had a variable interest rate, the discount rate for measuring any impairment loss was the current effective interest rate determined under the contract. As a practical expedient, the Group could 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 decreased and the decrease could 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 was recognised in the income statement.

Impairment testing of trade receivables is described in Note 3.1(b).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Investments and other financial assets (Continued)

(e) Accounting policies applied until 31 December 2017 (Continued)

(iii) Impairment (Continued)

Assets classified as AFS

If there was objective evidence of impairment for AFS, 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 – was removed from equity and recognised in profit or loss.

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

2.13 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.

2.14 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet where the Group currently 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.

2.15 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 the expected credit loss model under HKFRS 9 *Financial Instruments* and

- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 *Revenue from Contracts with Customers*.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Financial guarantee contracts (Continued)

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required 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.

2.16 Land use rights

All lands in the PRC are state-owned and no individual ownership right exists. The Group acquires 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.

2.17 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, and capitalised finance costs 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.

2.18 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.

2.19 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 the estimated costs necessary to make the sale.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 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.

2.21 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 the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 18 for further information about the Group's accounting for trade and other receivables and Note 3.1 for a description of the Group's impairment policies.

2.22 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)

2.23 Share capital

Ordinary 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.

2.24 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.

2.25 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 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.

2.26 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)

2.26 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.

2.27 Current and deferred income tax

The income 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)

2.27 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 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.

2.28 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)

2.28 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.

2.29 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)

2.30 Revenue recognition

(i) Property development

Revenues are recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may be transferred over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;or
- creates and enhances an asset that the customer controls as the Group performs; or
- 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.

If control of the asset 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 asset.

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict the Group's performance in satisfying the performance obligation:

- direct measurements of the value transferred by the Group to the customer; or
- the Group's efforts or inputs to the satisfaction of the performance obligation.

For property development and sales contracts for which the control of the property is transferred at a point in time, revenue is recognised when the customer obtains the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable.

For contract where the period between the payment by the customer and the transfer of the promised property or service exceeds one year, the transaction price is adjusted for the effects of a significant financing component.

Incremental costs incurred to obtain a contract, if recoverable, are capitalised and subsequently amortised when the related revenue is recognised.

(ii) Rental income

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

(iii) Hotel operations

Revenue from hotel operations is recognised in the accounting period in which the services are rendered.

(iv) Others

For property management services contracts, the Group recognises revenue equal to the right to invoice amount when it corresponds directly with the value to the customer of the Group's performance to date, on a monthly basis. The Group has elected the practical expedient for not to disclosure the remaining performance obligations for these type of contracts. The majority of the property management service contracts do not have a fixed term.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.31 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares

by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and

- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.32 Dividend income

Dividends are received from financial assets measured at fair value through other comprehensive income (2017: from AFS). Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in other comprehensive income if it relates to an investment measured at fair value through other comprehensive income. However, the investment may need to be tested for impairment as a consequence.

2.33 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.33 Leases (Continued)

(a) The Group is the lessee (Continued)

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 37). 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 their nature. Lease income from operating leases is recognised in the income statement on a straight-line basis over the term of the lease.

2.34 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised by the Company's shareholders and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.35 Interest income

Interest income on financial assets at amortised cost and financial assets at FVOCI (2017: AFS and loans and receivables) calculated using the effective interest method is recognised in the income statement as part of other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

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.

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk

(i) Foreign exchange risk

The Group principally operates in the PRC, Malaysia, Australia and the United Kingdom, and is exposed to foreign exchange risk, primarily with respect to 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.

The table below summarises the impact of changes in foreign exchange rates at 31 December 2018 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	**3,452**	**(3,452)**
Trade and other receivables	**131**	**(131)**
Accruals and other payables	**(25,445)**	**25,445**
Denominated in USD		
Cash and cash equivalents	**46,870**	**(46,870)**
Restricted cash	**14,140**	**(14,140)**
Borrowings	**(1,266,527)**	**1,266,527**

(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)

	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	(184,288)	184,288
Borrowings	(9,330)	9,330
Denominated in RMB		
Trade and other receivables	27,560	(27,560)
Denominated in HKD		
Accruals and other payables	(20,148)	20,148

	Australian Dollar ("AUD") 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	(22,677)	22,677
Borrowings	(10,767)	10,767

(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)

	Great Britain Pound ("GBP") against the foreign currency	
	weaken by 5%	strengthen by 5%
	increase/(decrease) in post-tax profit for the year	
Denominated in HKD		
Accruals and other payables	(2,459)	2,459
Borrowings	(29,338)	29,338

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

(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)

	MYR against the foreign currency weaken by 5%	MYR against the foreign currency 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**

	GBP against the foreign currency weaken by 5%	GBP against the foreign currency strengthen by 5%
	increase/(decrease) in post-tax profit for the year	
Denominated in HKD		
Borrowings	**(28,268)**	**28,268**

(ii) Price risk

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the consolidated balance sheet as financial assets at FVOCI.

To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The majority of the Group's equity investments are publicly traded.

The table below summarises the impact of increases or decreases of price of the stocks, which the Group purchased, on the Group's equity as at 31 December 2018. The analysis is based on the assumption that the stock price increased by 5% or decreased by 5% with all other variables held constant, and that all the Group's equity instruments moved in line with the indexes.

(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 (Continued)

	Increase/(decrease) in other comprehensive income, net of tax	
	2018	2017
Price of each stock – increase 5%	**21,285**	–
Price of each stock – decrease 5%	**(21,285)**	–

(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 2018 and 2017, the Group's borrowings at variable rate were mainly denominated in RMB, USD and 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 2018 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	**(126,261)**	**126,261**

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(iii) Interest rate risk (Continued)

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

(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, trade and other receivables and contract assets.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition.

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forwarding-looking information.

The Group has one type of financial assets that is subject to HKFRS 9's expected credit loss model:

- trade and other receivables

While restricted cash and cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

(i) Trade receivables and contract assets

The Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables from third parties and related parties and contract assets.

Expected loss rate of current trade receivables from related parties are assessed to be 0.1%. The loss allowance provision for these balances was not material during the period.

To measure the expected credit losses of trade receivables from third parties and contract assets, trade receivables from third parties and contract assets have been grouped based on shared credit risk characteristics and the days of initial recognition.

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(i) Trade receivables and contract assets (Continued)

On that basis, the loss allowance provision for both trade receivables (excluding amounts due from joint ventures and associates) and contract assets as at 31 December 2018 and 1 January 2018 (on adoption of HKFRS 9) was determined as follows.

	Within 1 year	1 year to 2 years	2 years to 3 years	Over 3 years	Total
At 31 December 2018					
Expected loss rate	1.00%	5.00%	5.00%	30.00%	
Gross carrying amount – trade receivables (excluding amounts due from joint ventures and associates)	9,380,052	741,720	267,232	431,419	10,820,423
Gross carrying amount – contract assets	731,493	–	–	–	731,493
Loss allowance provision	101,115	37,086	13,362	129,426	280,989

	Within 1 year	1 year to 2 years	2 years to 3 years	Over 3 years	Total
At 1 January 2018					
Expected loss rate	1.00%	5.00%	5.00%	30.00%	
Gross carrying amount – trade receivables (excluding amounts due from joint ventures and associates)	6,781,753	454,870	165,370	512,260	7,914,253
Gross carrying amount – contract assets	1,529,685	–	–	–	1,529,685
Loss allowance provision	83,114	22,744	8,269	153,678	267,805

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(i) Trade receivables and contract assets (Continued)

The closing loss allowance provision for trade receivables and contract assets as at 31 December 2018 reconcile to the opening loss allowance as follows:

	Trade receivables	Contract assets
31 December 2017 (calculated under HKAS 39)	31,428	–
Amounts restated through opening retained earnings	221,080	15,297
Opening loss allowance as at 1 January 2018 (calculated under HKFRS 9)	252,508	15,297
Provision for/(reversal of) loss allowance recognised in profit or loss during the year	21,166	(7,982)
Closing loss allowance as at 31 December 2018	273,674	7,315

Previous accounting policy for impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet been identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment. The Group considered that there was evidence of impairment if any of the following indicators were present:

- significant financial difficulties of the debtor,
- probability that the debtor will enter bankruptcy or financial reorganisation, and
- default or late payments (more than 30 days overdue).

Receivables for which an impairment provision was recognised were written off against the provision when there was no expectation of recovering additional cash.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Other receivables

Other financial assets at amortised cost include other receivables from third parties and related parties.

As at 31 December 2018, parties of other receivables from related parties have a low risk of default and a strong capacity to meet contractual cash flows. The Group has assessed that the expected credit losses for these receivables are not material under the 12 months expected losses method. Thus no loss allowance provision was recognised during the period.

The loss allowance provision for other receivables from third parties as at 31 December 2018 is RMB103,002,000.

All of these financial assets are considered to have low credit risk, and thus the impairment provision recognised during the period was limited to 12 months expected losses. Management considered other receivables from third parties to be low credit risk as they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

For the year ended 31 December 2018, the provision for loss allowances were recognised in profit or loss in “net impairment losses on financial and contract assets” in relation to the impaired other 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.

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

The table below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities.

	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**
At 31 December 2018					
Borrowings (excluding finance lease liabilities (Note (1))	**60,868,094**	**40,300,493**	**55,971,544**	**38,173,366**	**195,313,497**
Finance lease liabilities	**94,011**	**46,583**	**331**	**–**	**140,925**
Financial liabilities as included in accruals and other payables (excluding accruals for staff costs and allowance and other taxes payable)	**32,535,984**	**–**	**–**	**–**	**32,535,984**
Guarantees in respect of mortgage facilities granted to purchasers of the Group's properties	**68,163,184**	**–**	**–**	**–**	**68,163,184**
Guarantees in respect of borrowings of joint ventures and associates	**2,180,731**	**1,535,863**	**1,565,515**	**1,448,480**	**6,730,589**

	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 in respect of 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

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

Note:

(1) Interest on borrowings is calculated on borrowings held as at 31 December 2018 and 2017 respectively. Floating-rate interest is estimated using the current interest rate as at 31 December 2018 and 2017 respectively.

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 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 2018 and 2017 are as follows:

	2018	2017
Total borrowings	**163,298,674**	142,243,833
Less: cash and cash equivalents	**(19,782,883)**	(19,697,169)
restricted cash	**(14,923,681)**	(12,517,580)
Net debt	**128,592,110**	110,029,084
Total equity	**69,860,584**	64,893,654
Gearing ratio	**184.1%**	169.6%

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 is as follow:

- Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and equity 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.

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

- 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.

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2018 and 2017 by level of the inputs to valuation techniques used to measure fair value.

	AFS	
	2018	2017
Level 3	**–**	527,650

	Financial assets at FVOCI	
	2018	2017
Level 1	**499,777**	–
Level 3 (Note (a))	**128,190**	–
	627,967	–

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

(a) Financial instruments in level 3

The fair value of the Group's investment in unlisted private funds recognised as financial assets at FVOCI was revalued as at 31 December 2018 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 financial assets at FVOCI 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".

If the market price had been lower than management estimates by 5% with other variables held constant, the carrying amount of the financial assets at FVOCI would have been lowered by RMB6,190,000.

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 10% lower than management's estimates or discount rate had been 10% higher than management's estimates with other variables held constant, the Group would not have suffered any impairment of goodwill as at 31 December 2018.

(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 10% lower than management's estimates or the discount rate had been 10% higher than management's estimates with other variables held constant, the Group would not have suffered any impairment of the construction license as at 31 December 2018.

(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.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(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.

(f) 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 2018, no impairment was provided for properties under development, completed properties held for sale or long-term assets held for hotel operations (2017: Nil).

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(g) Revenue recognition for property development activities

Revenue from sales of properties in the PRC is recognised over time when 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; otherwise, revenue is recognised at a point in time when the buyer obtains control of the completed property. The Group cannot change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the customer and thus the property unit does not have an alternative use to the Group. However, whether there is an enforceable right to payment depends on the terms of sales contract and the interpretation of the applicable laws that apply to the contract. Such determination requires significant judgments. In assessing whether the Group has an enforceable right to payment for its sale contracts, the Group has obtained legal counsel's opinion regarding the enforceability of the right to payment, including an assessment on the contractual terms as well as any legislation that could supplement or override those contractual terms, and conducted an evaluation of any existence of circumstances that could restrict the Group to enforce its right to payment for specific performance. Management uses judgments, based on legal counsel's opinion, to classify sales contracts into those with right to payment and those without the right. Management will reassess their judgments on a regular basis to identify and evaluate the existence of any circumstances that could affect the Group's enforceable right to payment and the implication on the accounting for sales contracts.

The Group recognises property development revenue over time by reference to the progress towards complete satisfaction of the performance obligation at the reporting date. The progress is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each property unit in the contract. The Group allocates common costs based on type of properties, gross and saleable floor areas. Significant judgments and estimations are required in determining the completeness of the estimated total costs and the accuracy of progress towards complete satisfaction of the performance obligation at the reporting date. Changes in cost estimates in future periods can have effect on the Group's revenue recognised. In making the above estimations, the Group relies on past experience and work of contractors and, if appropriate, surveyors.

(h) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the tables in Note 3.

(All amounts in RMB Yuan thousands unless otherwise stated)

5. SEGMENT INFORMATION

(a) Description of segments and principal activities

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 property development, property investment and hotel operations. Other services provided by the Group mainly represent property management. 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.

(b) Segment performance

The segment information provided to the Executive Directors for the reportable segments for the year ended 31 December 2018 and the segment assets and liabilities at 31 December 2018 are as follows:

	Property development	Property investment	Hotel operations	All other segments	Group
Segment revenue	66,388,492	1,278,312	7,085,752	3,507,208	78,259,764
Recognised at a point in time	40,302,408	–	–	–	40,302,408
Recognised over time	26,086,084	–	7,085,752	3,507,208	36,679,044
Revenue from other sources – rental income	–	1,278,312	–	–	1,278,312
Inter-segment revenue	–	(176,998)	(58,000)	(1,167,084)	(1,402,082)
Revenue from external customers	66,388,492	1,101,314	7,027,752	2,340,124	76,857,682
Profit/(loss) for the year	8,989,515	1,074,803	(459,191)	(876,742)	8,728,385
Finance costs	(4,192,421)	(229,142)	(780,960)	(9,804)	(5,212,327)
Share of results of joint ventures	288,572	–	–	(67)	288,505
Share of results of associates	95,557	–	–	(1,380)	94,177
Income tax (expenses)/credits	(8,390,377)	(356,721)	273,760	264,377	(8,208,961)
Gains on bargain purchase	35,136	–	362,090	–	397,226
Depreciation and amortisation of property, plant and equipment, intangible assets and land use rights	(191,290)	–	(1,565,426)	(78,241)	(1,834,957)
Amortisation of incremental costs for obtaining contracts with customers	(396,895)	–	–	–	(396,895)
Allowance for impairment losses of financial and contract assets	(20,252)	–	(2,286)	(4,663)	(27,201)
Fair value gains on investment properties – net of tax	–	548,670	–	–	548,670
Segment assets	287,460,311	29,019,386	38,397,821	1,972,165	356,849,683
Segment assets include:					
Interests in joint ventures	10,265,355	–	–	433	10,265,788
Interests in associates	309,463	–	–	81,255	390,718
Addition to non-current assets (other than financial instruments and deferred income tax assets)	795,855	795,946	4,014,607	132,291	5,738,699
Segment liabilities	103,474,321	–	1,653,327	1,612,968	106,740,616

(All amounts in RMB Yuan thousands unless otherwise stated)

5. SEGMENT INFORMATION (Continued)

(b) Segment performance (Continued)

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 income 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

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.

Revenue from external customers broken down by the destination of the customer is shown in the table below:

	2018	2017
PRC	**74,484,569**	57,568,651
Other countries	**2,373,113**	1,709,204
Total	**76,857,682**	59,277,855

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 revenue for the year ended 31 December 2018 (2017: Nil).

(All amounts in RMB Yuan thousands unless otherwise stated)

5. SEGMENT INFORMATION (Continued)

(c) Segment assets

The amounts provided to the Executive Directors with respect to segment 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 financial assets at FVOCI (2017:AFS) are not considered to be segment assets but rather are managed on a central basis.

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

	2018	2017
Segment assets for reportable segments	**356,849,683**	291,163,800
Deferred income tax assets	**8,716,280**	6,417,490
AFS	**–**	527,650
Financial assets at FVOCI	**627,967**	–
Total assets per balance sheet	**366,193,930**	298,108,940

Non-current assets, other than financial instruments and deferred income tax assets (there are no employment benefit assets and rights arising under insurance contracts) broken down by location of the assets, is shown in the following:

	2018	2017
PRC	**85,749,537**	77,464,550
Other countries	**24,506**	19,630
Total	**85,774,043**	77,484,180

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

(All amounts in RMB Yuan thousands unless otherwise stated)

5. SEGMENT INFORMATION (Continued)

(d) Segment liabilities

The amounts provided to the Executive Directors with respect to segment 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:

	2018	2017
Segment liabilities for reportable segments	**106,740,616**	68,498,133
Deferred income tax liabilities	**7,665,675**	6,720,368
Current income tax liabilities	**18,628,381**	15,752,952
Short-term borrowings and current portion of long-term borrowings	**52,350,164**	28,414,422
Long-term borrowings	**110,948,510**	113,829,411
Total liabilities per balance sheet	**296,333,346**	233,215,286

(e) Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

	2018	2017
Contract assets	**731,493**	–
Loss allowance (Note 3.1(b))	**(7,315)**	–
Total contract assets	**724,178**	–
Capitalised costs to obtain contracts	**620,190**	–
Contract liabilities – property development and sales contracts	**38,345,902**	–
Contract liabilities – hotel operations and other contracts	**960,476**	–
Total contract liabilities	**39,306,378**	–

The Group also recognised a loss allowance for contract assets following the adoption of HKFRS 9, see Note 3.1(b) for further information.

(All amounts in RMB Yuan thousands unless otherwise stated)

5. SEGMENT INFORMATION (Continued)

(e) Assets and liabilities related to contracts with customers (Continued)

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	2018	2017
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Property development and sales contracts	**9,355,880**	–
Hotel operations and other contracts	**606,132**	–

In addition to the contract assets and liabilities balances disclosed above, the Group has also recognised an asset in relation to costs to obtain a contract. This is presented within trade and other receivables and prepayments in the balance sheet.

	2018	2017
Capitalised costs to obtain contracts at 31 December	**620,190**	–
Amortisation recognised as cost of providing services during the year	**(396,895)**	–

In adopting HKFRS 15, the Group recognised an asset in relation to stamp duty, sales commissions and other costs directly attributable to obtaining a contract. The asset is amortised in accordance with the pattern of recognition of the associated revenue.

6. BUSINESS COMBINATION

Summary of gains on bargain purchase

	2018	2017
Acquisition of hotels	**362,090**	13,083,110
Acquisition of property development companies	**35,136**	24,450
	397,226	13,107,560

(All amounts in RMB Yuan thousands unless otherwise stated)

6. BUSINESS COMBINATION (Continued)

(a) Summary of acquisition of hotels

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 Commercial Properties Co., Ltd. ("Dalian Wanda"), the Company completed the acquisition of two holding companies which held Kunming Wanda Vista Hotel and Qiqihar Wanda Realm Hotel on 2 January 2018 and 17 August 2018 respectively.

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

Purchase consideration	
– Cash paid	659,300

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

Cash and cash equivalents	16,370
Inventory	368
Property, plant and equipment	778,473
Land use rights	208,900
Intangible assets	2,237
Trade and other receivables and prepayments	15,731
Net deferred income tax assets	36,298
Accruals and other payables	(27,047)
Contract liabilities	(2,362)
Net deferred income tax liabilities	(7,578)
Total identifiable net assets acquired	1,021,390
Gains on bargain purchase	(362,090)

Cash outflow on acquisitions, net of cash acquired	
Total cash consideration	659,300
Less: cash considerations paid in prior year	(419,440)
Cash considerations paid in 2018	239,860
Less: cash in the subsidiaries acquired	(16,370)
Cash outflow in 2018	223,490

The recognition of gains on bargain purchase was due to the fact that consideration 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 assets (estimated by Dalian Wanda).

6. BUSINESS COMBINATION (Continued)

(a) Summary of acquisition of hotels (Continued)

(i) Acquired receivables

The fair value of trade receivables and other receivables was RMB3,319,000 and RMB12,412,000 respectively.

(ii) Revenue and profit contribution

The acquired business contributed revenues of RMB119,135,000 and net loss of RMB5,139,000 to the Group for the period from the respective acquisition dates to 31 December 2018.

If the acquisition had occurred on 1 January 2018, consolidated pro-forma revenue and profit for the year ended 31 December 2018 would have been RMB76,857,682,000 and RMB8,727,042,000 respectively. These amounts have been calculated using the subsidiaries' 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 2018, together with the consequential tax effects.

(All amounts in RMB Yuan thousands unless otherwise stated)

6. BUSINESS COMBINATION (Continued)

(b) Summary of acquisition of property development companies

The Group completed the acquisitions of three property development companies, comprising Kaili Jiaruihe Properties Development Co., Ltd., Qingdao Advanced Business Park Construction Co., Ltd. and R&F One (UK) Limited on 23 January 2018, 6 February 2018 and 6 July 2018 respectively. The directors of the Company consider that none of these subsidiaries acquired during the year was significant to the Group and thus the individual financial information of these subsidiaries on the respective acquisition dates was not disclosed.

Purchase consideration	
– Cash paid	256,924
– Cash to be paid	350,876
Total purchase consideration	607,800

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

Cash and cash equivalents	53,978
Properties under development	5,634,558
Property, plant and equipment	209,013
Land use rights	17,017
Intangible assets	21
Trade and other receivables and prepayments	433,779
Net deferred income tax assets	35,488
Accruals and other payables	(5,033,818)
Contract liabilities	(200,920)
Short-term borrowings	(160,000)
Long-term borrowings	(208,191)
Net deferred income tax liabilities	(92,746)
Total identifiable net assets acquired	688,179
Less: non-controlling interest	(45,243)
Net assets acquired	642,936
Gains on bargain purchase	(35,136)

Cash outflow on acquisitions, net of cash acquired	
Total cash consideration	607,800
Less: cash considerations paid in prior year	(89,520)
Less: cash considerations to be paid in the future	(350,876)
Cash considerations paid in 2018	167,404
Less: cash in the subsidiaries acquired	(53,978)
Cash outflow in 2018	113,426

6. BUSINESS COMBINATION (Continued)

(b) Summary of acquisition of property development companies (Continued)

(i) Acquired receivables

The fair value of trade receivables and other receivables was RMB7,194,000 and RMB426,585,000 respectively.

(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.

(iii) Revenue and profit contribution

The acquired business contributed revenues of RMB458,480,000 and net loss of RMB309,173,000 to the Group for the period from the respective acquisition dates to 31 December 2018.

If the acquisitions had occurred on 1 January 2018, consolidated pro-forma revenue and profit for the year ended 31 December 2018 would have been RMB76,857,705,000 and RMB8,669,499,000 respectively. These amounts have been calculated using the subsidiaries' 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 2018, together with the consequential tax effects.

(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:

	2018	2017
At 1 January	**9,173,164**	1,933,706
Additions	**570,921**	298,083
Acquisitions of subsidiaries	**239,011**	7,100,800
Transfer from properties under development	**669,213**	65,553
Transfer to investment properties	**(344,378)**	–
Amortisation of prepaid operating lease payments	**(328,817)**	(149,867)
Disposals	**–**	(75,111)
At 31 December	**9,979,114**	9,173,164

Land use rights are amortised in the following categories:

	2018	2017
Selling and administrative expenses	**5,676**	5,680
Cost of sales	**240,035**	56,482
Capitalised in property, plant and equipment	**83,106**	87,705
	328,817	149,867

Borrowings are secured on land use rights for the carrying amount of RMB1,419,150,000 (2017: RMB757,672,000).

(All amounts in RMB Yuan thousands unless otherwise stated)

8. PROPERTY, PLANT AND EQUIPMENT

	Buildings			Transportation equipment				
	Office	Hotel	Furniture, fixtures and equipment	Asset acquired under finance lease	Others	Machinery	Assets under construction	Total
At 1 January 2017								
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
Transfer 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
Year ended 31 December 2018								
Opening net book amount	2,044,254	28,277,489	471,751	768,447	136,582	189,538	2,346,032	34,234,093
Additions	50,515	–	174,451	–	62,173	175,169	2,505,739	2,968,047
Acquisitions of subsidiaries	250,088	772,884	5,606	–	1,532	134	478	1,030,722
Transfer to properties under development	–	(129,841)	–	–	–	–	–	(129,841)
Transfer to investment properties	(988,765)	–	–	–	–	–	(702,643)	(1,691,408)
Assets under construction transferred to buildings	7,707	447,543	–	–	–	–	(455,250)	–
Disposals	(9,994)	–	(2,513)	–	(1,497)	(1,789)	–	(15,793)
Depreciation	(74,434)	(1,091,739)	(183,691)	(59,715)	(45,181)	(43,663)	–	(1,498,423)
Exchange differences	–	–	(638)	–	117	–	–	(521)
Closing net book amount	1,279,371	28,276,336	464,966	708,732	153,726	319,389	3,694,356	34,896,876
At 31 December 2018								
Cost	1,617,089	34,209,618	1,771,044	955,311	658,519	680,944	3,694,356	43,586,881
Accumulated depreciation	(337,718)	(5,933,282)	(1,306,078)	(246,579)	(504,793)	(361,555)	–	(8,690,005)
Net book amount	1,279,371	28,276,336	464,966	708,732	153,726	319,389	3,694,356	34,896,876

(All amounts in RMB Yuan thousands unless otherwise stated)

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation expense has been charged in the following categories:

	2018	2017
Selling and administrative expenses	**223,058**	214,192
Cost of sales	**1,275,365**	480,269
	1,498,423	694,461

Assets under construction mainly represent construction and other costs incurred for hotel buildings and an amusement park. For the year ended 31 December 2018, borrowing costs capitalised in assets under construction amounted to RMB105,123,000 (2017: RMB47,459,000). Borrowing costs were capitalised at the weighted average rate of 6.39% for the year ended 31 December 2018 (2017: 6.29%).

Borrowings are secured by office buildings, hotel buildings and assets under construction with a carrying amount of RMB28,102,399,000 (2017: RMB5,225,278,000).

9. INVESTMENT PROPERTIES

	Completed investment properties	**Investment properties under construction**	**Total**
Year ended 31 December 2017			
Opening balance at 1 January	22,068,681	–	22,068,681
Acquisitions of subsidiaries	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
Year ended 31 December 2018			
Opening balance at 1 January	**24,814,323**	**–**	**24,814,323**
Additions	**–**	**665,577**	**665,577**
Acquisitions of subsidiaries	**–**	**130,369**	**130,369**
Transfer from property, plant and equipment and land use rights	**1,060,870**	**974,916**	**2,035,786**
Transfer	**567,942**	**(567,942)**	**–**
Revaluation gains	**251**	**643,068**	**643,319**
Fair value gains	**658,927**	**71,085**	**730,012**
Closing balance at 31 December	**27,102,313**	**1,917,073**	**29,019,386**

(All amounts in RMB Yuan thousands unless otherwise stated)

9. INVESTMENT PROPERTIES (Continued)

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

	2018	2017
Rental income	**1,101,314**	945,058
Direct operating expenses from investment properties that generate rental income	**(128,778)**	(133,317)
Direct operating expenses that did not generate rental income	**(93,403)**	(90,560)
Fair value gains recognised in "other gains – net"	**730,012**	780,672

(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 2018 and 2017. The fair value gains or losses are included in "other gains – net" in the income statement.

As at 31 December 2018 and 2017, 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 2018 and 2017 by independent and professionally qualified valuers 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; and
- 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, retail buildings and warehouse, the valuations are 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 are determined using the direct comparison method. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square metre.

For retail buildings under construction, the Group has valued such properties on the basis that they will be developed and completed in accordance with the Group's latest development plans. Valuations are based on residual method, which is essentially a means of valuing the land by reference to its development potential by deducting development costs together with developer's profit and risk associated with the estimated capital value of the proposed development assuming completed as at the date of valuation.

For warehouse under construction, the valuations are based on the term and reversionary method, which largely used unobservable inputs and taking into account the significant adjustment in term yield, the estimation in market price and deducting development costs.

(e) Valuation inputs and relationships to fair value

Description		Fair value at 31 December 2018	Valuation techniques	Unobservable inputs	Range of unobservable inputs (probability)	Relationship of unobservable inputs to fair value
Completed investment properties	Office	**9,516,684**	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)	41,900-68,087	The higher the market price, the higher the fair value
	Retail	**15,071,238**	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)	6,000-114,368	The higher the market price, the higher the fair value
	Carpark	**772,193**	Direct comparison method	Market price (RMB/square metre)	3,694-11,137	The higher the market price, the higher the fair value
	Warehouse	**1,742,198**	Term and reversionary method	Term yields	6.00%	The higher the term yields, the lower the fair value
				Reversionary yields	6.00%	The higher the reversion yields, the lower the fair value
				Market price (RMB/square metre)	911-3,040	The higher the market price, the higher the fair value

(All amounts in RMB Yuan thousands unless otherwise stated)

9. INVESTMENT PROPERTIES (Continued)

(e) Valuation inputs and relationships to fair value (Continued)

Description		Fair value at 31 December 2018	Valuation techniques	Unobservable inputs	Range of unobservable inputs (probability)	Relationship of unobservable inputs to fair value
Investment properties under construction	Retail	538,242	Residual method	Market price (RMB/square metre)	15,761-19,351	The higher the market price, the higher the fair value
				Budgeted construction costs to be incurred (RMB/square metre)	4,508-9,854	The higher the budgeted construction costs to incurred, the lower the fair value
				Developer's profit (RMB/square metre)	5,819-6,765	The higher the developer's profit, the lower the fair value
	Warehouse	1,378,831	Term and reversionary method	Term yields	6.00%	The higher the term yields, the lower the fair value
				Reversionary yields	6.00%	The higher the reversion yields, the lower the fair value
				Market price (RMB/square metre)	911-3,040	The higher the market price, the higher the fair value
				Budgeted construction costs to be incurred (RMB/square metre)	847	The higher the budgeted construction costs to incurred, the lower the fair value

(All amounts in RMB Yuan thousands unless otherwise stated)

9. INVESTMENT PROPERTIES (Continued)

(e) Valuation inputs and relationships to fair value (Continued)

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

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 RMB14,581,099,000 (2017: RMB15,190,552,000).

(All amounts in RMB Yuan thousands unless otherwise stated)

10. INTANGIBLE ASSETS

	Goodwill	Construction licence	Customer contracts	Software and others	Total
At 1 January 2017					
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
Year ended 31 December 2018					
Opening net book amount	**503,750**	**282,000**	**–**	**325,524**	**1,111,274**
Additions	**–**	**–**	**–**	**131,794**	**131,794**
Acquisitions of subsidiaries	**–**	**–**	**–**	**2,258**	**2,258**
Amortisation charge	**–**	**–**	**–**	**(90,823)**	**(90,823)**
Disposals	**–**	**–**	**–**	**(44,481)**	**(44,481)**
Closing net book amount	**503,750**	**282,000**	**–**	**324,272**	**1,110,022**
At 31 December 2018					
Cost	**506,733**	**282,000**	**322,000**	**717,849**	**1,828,582**
Accumulated amortisation and impairment	**(2,983)**	**–**	**(322,000)**	**(393,577)**	**(718,560)**
Net book amount	**503,750**	**282,000**	**–**	**324,272**	**1,110,022**

Intangible assets are amortised in the following categories:

	2018	2017
Selling and administrative expenses	**21,708**	16,325
Cost of sales	**69,115**	60,375
	90,823	76,700

(All amounts in RMB Yuan thousands unless otherwise stated)

10. INTANGIBLE ASSETS (Continued)

(a) Impairment test for goodwill

Goodwill is mainly allocated to the Group's cash-generating unit (CGU) identified as the construction services unit within the property development segment. The recoverable amount of the CGU as at 31 December 2018 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 2018 and 2017 are as follows:

	2018	2017
Gross margin	**8%**	12%
Growth rate for the five-year period	**3%-5%**	3%-5%
Terminal growth rate	**3%**	3%
Pre-tax discount rate	**10.96%**	11.32%

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) Impairment test for construction licence

The recoverable amount of construction licence based on value-in-use calculations as at 31 December 2018 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 2018 and 2017 are as follows:

	2018	2017
Royalty rate	**1%**	1%
Growth rate for the five-year period	**3%-5%**	3%-5%
Terminal growth rate	**3%**	3%
Pre-tax discount rate	**11.25%**	12.21%

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 as at 31 December 2018:

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
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
北京富力城房地產開發有限公司	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
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	RMB854,500,761	94.82%	5.18%	–	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
海南陵水富力灣開發有限公司	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
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
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
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

(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
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
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	Wholly foreign-owned enterprise with limited liability	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	Wholly foreign-owned enterprise with limited liability	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
杭州聯富房地產開發有限公司	19 December 2013	Limited liability company	RMB100,000,000	–	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
湖州富力房地產開發有限公司	23 January 2015	Limited liability company	RMB250,000,000	–	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
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
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 the 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
廣州富力億盛置業發展有限公司	31 August 2005	Limited liability company	RMB100,000,000	90%	10%	–	Property development in the PRC
廣州市貴麗實業發展有限公司	30 June 2000	Limited liability company	RMB20,500,000	–	80%	20%	Property development in the PRC
莆田富力房地產開發有限公司	12 August 2015	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
寧波富力房地產開發有限公司	22 March 2016	Limited liability company	RMB500,000,000	–	100%	–	Property development in the PRC
太原富潤房地產開發有限公司	6 September 2016	Limited liability company	RMB10,000,000	–	100%	–	Property development in the PRC
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

(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 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	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	GBP1	–	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
R&F One (UK) Limited	26 September 2013	Limited liability company	GBP10,000	–	100%	–	Property development in UK
R&F One Nine Elms (UK) Limited	26 September 2013	Limited liability company	GBP10,000	–	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	KRW2,800,000,000	–	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
Tian Li Property Management SDN BHD	27 July 2014	Limited liability company	MYR500,000	–	100%	–	Property management in Malaysia
Tian Li Property Construction SDN BHD	27 July 2014	Limited liability company	MYR1,000,000	–	100%	–	Construction company 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
Etone Australia Holdings Pty Ltd	8 November 2016	Limited liability company	AUD100	–	100%	–	Investment holdings in Australia
Etone Australia Developments Pty Ltd	9 November 2016	Limited liability company	AUD100	–	100%	–	Property development in Australia
Etone Australia Project Management Pty Ltd	9 November 2016	Limited liability company	AUD100	–	100%	–	Property development in Australia

(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 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	KHR2,000,000,000	–	100%	–	Property development in Cambodia
R & F Properties HS (Cambodia) Co., Ltd.	6 July 2017	Limited liability company	KHR2,000,000,000	–	100%	–	Property development in Cambodia
R&F Properties Management (Cambodia) Co., Ltd.	9 August 2018	Limited liability company	KHR20,000,000	–	100%	–	Property management 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 2018 were RMB1,609,620,000 (2017: RMB956,974,000). 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

	2018	2017
At 1 January	7,395,522	6,795,392
Additions	2,776,223	652,808
Disposal (Note (a))	(11,538)	–
Share of results	288,505	(33,322)
Dividends declared by a joint venture	(200,040)	–
Currency translation difference	37,118	–
Elimination of unrealised profits	(20,002)	(19,356)
At 31 December	10,265,788	7,395,522

(a) The Group disposed its joint venture, 南京星潤置業有限公司(「南京星潤」), to a third party on 5 February 2018 at a consideration of RMB66,525,000.

(b) As at 31 December 2018, 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 gains from continuing operations and total comprehensive income of these joint ventures for the year ended 31 December 2018 was RMB288,505,000 (2017: losses of RMB33,322,000).

(c) 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.

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

13. INTERESTS IN ASSOCIATES

	2018	2017
At 1 January	229,515	166,908
Addition	91,064	295,000
Acquisition of a subsidiary	–	1,762
Acquisition of additional equity interests in an associate	(4,004)	–
Disposal	–	(254,082)
Share of results	95,353	53,925
Elimination of unrealised profits	(17,668)	(2,161)
Dividends received from an associate	(3,542)	(31,837)
At 31 December	390,718	229,515

(a) As at 31 December 2018, 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.

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

(All amounts in RMB Yuan thousands unless otherwise stated)

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2018	2017
At 1 January	**527,650**	–
Additions	**495,437**	–
Disposals	**(298,000)**	–
Fair value losses recognised as other comprehensive income	**(97,120)**	–
At 31 December	**627,967**	–

(a) Financial assets at fair value through other comprehensive income

Financial assets at FVOCI of the Group comprise equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category:

	2018	2017
Listed securities:		
– Listed equity investments	**499,777**	–
Unlisted securities:		
– Unlisted private funds	**128,190**	–
	627,967	–

On disposal of these equity investments, any related balance within the FVOCI reserve is reclassified to retained earnings.

In the prior financial year, the Group had designated equity investments as AFS where management intended to hold them for the medium to long-term.

Note 2.2 explains the change of accounting policy and the reclassification of certain equity investments from AFS to FVOCI. Note 2.12 sets out the remaining accounting policies.

Financial assets at FVOCI as at 31 December 2018 are denominated in RMB.

(b) Fair value

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 fair values of listed securities are based on quoted market prices at the end of the reporting period. The fair values are within level 1 of the fair value hierarchy.

(All amounts in RMB Yuan thousands unless otherwise stated)

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Continued)

(c) Financial assets previously classified as AFS

	2018	2017
Unlisted securities:		
– Unlisted equity investments	**–**	400,390
– Unlisted private funds	**–**	127,260
	–	527,650

In 2017, investments were designated as AFS if they did not have fixed maturities and fixed or determinable payments, and management intended to hold them for the medium to long-term. They were presented as non-current assets unless they matured, or management intended to dispose them within 12 months of the end of the reporting period.

15. FINANCIAL INSTRUMENTS BY CATEGORY

	2018	2017
Financial assets at amortised cost		
Trade and other receivables excluding prepayments	**32,537,937**	28,131,809
Restricted cash	**14,923,681**	12,517,580
Cash and cash equivalents	**19,782,883**	19,697,169
	67,244,501	60,346,558
Financial assets at FVOCI	**627,967**	–
AFS	**–**	527,650
	67,872,468	60,874,208

	2018	2017
Financial liabilities at amortised cost		
Borrowings (excluding finance lease liabilities)	**163,163,458**	142,019,758
Finance lease liabilities	**135,216**	224,075
Trade and other payables excluding non-financial liabilities	**32,535,984**	19,841,304
	195,834,658	162,085,137

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

	2018	2017
Amount comprises:		
Lands and land use rights	**100,261,476**	78,440,344
Construction costs and capitalised expenditures	**40,397,172**	24,269,594
Finance costs capitalised	**9,538,902**	8,155,785
	150,197,550	110,865,723

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 5.63% for 2018 (2017: 5.35%).

As at 31 December 2018, properties under development of RMB49,960,358,000 (2017: RMB29,119,715,000) were pledged as collateral for the Group's borrowings.

17. COMPLETED PROPERTIES HELD FOR SALE

	2018	2017
Amount comprises:		
Lands and land use rights	**9,891,779**	8,968,081
Construction costs and capitalised expenditures	**28,307,422**	21,107,638
Finance costs capitalised	**3,768,702**	3,373,370
	41,967,903	33,449,089

As at 31 December 2018, completed properties held for sale of RMB3,596,408,000 (2017: RMB 6,648,588,000) were pledged as collateral for the Group's borrowings.

(All amounts in RMB Yuan thousands unless otherwise stated)

18. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2018	2017
Trade receivables - net (Note (a))	10,609,336	7,921,310
Other receivables - net (Note (b))	16,349,148	16,006,437
Prepayments (Note (d))	3,830,458	5,452,544
Capitalised costs to obtain contracts	620,190	–
Due from joint ventures (Note 38(xiv))	4,796,129	3,994,073
Due from associates (Note 38(xiv))	783,324	209,989
Total	36,988,585	33,584,353
Less: non-current portion	(112,139)	(526,289)
Current portion	36,876,446	33,058,064

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

(a) Trade receivables

	2018	2017
Trade receivables-current portion		
– Due from third parties	10,820,423	7,914,253
– Due from joint ventures (Note 38(xiv))	62,587	2,485
– Due from an associate (Note 38(xiv))	–	36,000
	10,883,010	7,952,738
Less: allowance for impairment	(273,674)	(31,428)
	10,609,336	7,921,310

(All amounts in RMB Yuan thousands unless otherwise stated)

18. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

(a) Trade receivables (Continued)

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:

	2018	2017
Up to 1 year	**9,442,639**	6,820,238
1 year to 2 years	**741,720**	454,870
2 years to 3 years	**267,232**	165,370
Over 3 years	**431,419**	512,260
	10,883,010	7,952,738

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. This resulted in an increase of loss allowance on 1 January 2018 by RMB221,080,000 for trade receivables and RMB15,297,000 for contract assets. Note 3.1(b) provides details about the calculation of the allowance.

The loss allowance increased by a further RMB21,166,000 to RMB273,674,000 for trade receivables and decreased by RMB7,982,000 to RMB7,315,000 for contract assets during the current reporting period.

Information about the impairment of trade receivables and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in Note 3.1.

(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:

	2018	2017
Fully performing under normal business	**16,349,148**	16,006,437
Non-performing and impaired	**103,002**	88,985
Other receivables	**16,452,150**	16,095,422
Less: allowance for impairment	**(103,002)**	(88,985)
Other receivables – net	**16,349,148**	16,006,437

Movements on the allowance for impairment of other receivables are as follows:

	2018	2017
At 1 January	**88,985**	72,971
Allowance for impairment	**14,017**	16,014
At 31 December	**103,002**	88,985

(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.

(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:

	2018	2017
– RMB	**30,795,564**	27,188,652
– MYR	**1,190,854**	605,377
– AUD	**296,637**	130,478
– USD	**161,438**	682
– GBP	**60,728**	95,279
– KRW	**30,054**	4,990
– HKD	**2,629**	106,320
– SGD	**33**	31
	32,537,937	28,131,809

(All amounts in RMB Yuan thousands unless otherwise stated)

19. RESTRICTED CASH

	2018	2017
Guarantee deposits for construction of pre-sold properties (Note (a))	**8,753,633**	5,019,033
Guarantee deposits for borrowings (Note (b))	**4,119,875**	6,289,757
Guarantee deposits for salary payments for construction workers (Note (c))	**406,365**	264,240
Guarantee deposits for construction payables (Note (d))	**313,064**	137,633
Guarantee deposits for interest of senior notes (Note (e))	**264,019**	232,168
Others	**1,066,725**	574,749
	14,923,681	12,517,580

(a) In accordance with relevant documents, 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 the constructions of related properties. The deposits can only be used for payments of construction costs 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 properties.

(b) 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.

(c) In accordance with relevant government documents, certain 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 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.

(e) 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.

The restricted cash is denominated in the following currencies:

	2018	2017
– RMB	**14,472,673**	12,046,663
– USD	**397,971**	366,078
– MYR	**36,534**	104,657
– AUD	**16,503**	182
	14,923,681	12,517,580

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

	2018	2017
Cash at bank and on hand	19,760,878	19,649,988
Short-term bank deposits	22,005	47,181
	19,782,883	19,697,169

	2018	2017
Denominated in:		
– RMB	18,334,553	16,490,271
– USD	1,025,648	2,454,560
– AUD	120,686	66,414
– GBP	99,813	433,337
– HKD	76,939	230,449
– MYR	63,045	19,012
– KRW	61,241	2,481
– SGD	956	643
– Macau Pataca (“MOP”)	2	2
	19,782,883	19,697,169

The conversion of RMB, MYR, KRW and GBP denominated balances into foreign currencies and the remittance of these foreign currencies denominated bank balances and cash out of the PRC, Malaysia, South Korea and the United Kingdom are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC, Malaysian, South Korea and the United Kingdom 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 2018 and 2017		
– 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 2018 and 2017, 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.

(All amounts in RMB Yuan thousands unless otherwise stated)

22. OTHER RESERVES

	Share premium (Note (a))	AFS reserves (Note (b))	Financial assets at FVOCI reserves (Note (c))	Statutory reserves (Note (d))	Translation reserves (Note (e))	Revaluation surplus (Note (f))	Others	Total
At 1 January 2017	3,636,625	408,408	–	539,144	24,987	–	70,305	4,679,469
Fair value losses of AFS 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
At 31 December 2017 as originally presented	3,636,625	271,548	–	539,144	46,011	–	72,929	4,566,257
Reclassification on adoption of HKFRS 9	–	(271,548)	271,548	–	–	–	–	–
Restated at 1 January 2018	3,636,625	–	271,548	539,144	46,011	–	72,929	4,566,257
Fair value losses of financial assets at FVOCI, net of tax	–	–	(71,475)	–	–	–	–	(71,475)
Share of other comprehensive income of joint ventures accounted for using the equity movement	–	–	–	–	37,118	–	–	37,118
Transfer of gains on disposal of equity investments at fair value through other comprehensive income to retained earnings, net of tax	–	–	(100,261)	–	–	–	–	(100,261)
Revaluation gains on investment properties transferred from property, plant and equipment and land use rights, net of tax	–	–	–	–	–	469,558	–	469,558
Currency translation differences	–	–	–	–	(36,910)	–	–	(36,910)
At 31 December 2018	3,636,625	–	99,812	539,144	46,219	469,558	72,929	4,864,287

(a) Share premium arising from the issue of H shares can be utilised in increasing paid-in capital as approved by the directors.

(b) Changes in the fair value of investments that were classified as AFS financial assets, were recognised in other comprehensive income and accumulated in a separate reserve within equity. Amounts were reclassified to profit or loss when the associated assets are sold or impaired.

(All amounts in RMB Yuan thousands unless otherwise stated)

22. OTHER RESERVES (Continued)

(c) The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

(d) According to the rules and regulations applicable to the Group's subsidiaries incorporated 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 to statutory reserves until the accumulated balance of such reserves reaches 50% of their registered capital. 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.

(e) Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

(f) Revaluation gains on investment properties transferred from property, plant and equipment and land use rights are recognised in other comprehensive income.

23. ACCRUALS AND OTHER PAYABLES

	2018	2017
Amounts due to joint ventures (Note (a) and (Note 38(xiv))	**7,059,166**	4,615,028
Amounts due to associates (Note (a) and Note 38(xiv))	**177,170**	160,276
Amounts due to entities controlled by the same common shareholders (Note (a) and Note 38(xiv))	**60,000**	–
Amounts due to a major shareholder (Note (b) and Note 38(xiv))	**450,000**	–
Construction payables (Note (c))	**27,981,005**	14,566,401
Other payables and accrued charges (Note (d))	**31,706,897**	20,098,285
	67,434,238	39,439,990

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

(b) Amounts due to a major shareholder are interest bearing and the interest rate is the benchmark lending rate of the People's Bank of China. The amounts are unsecured and repayable on demand.

(c) 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.

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

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

(All amounts in RMB Yuan thousands unless otherwise stated)

24. BORROWINGS

	2018	2017
Non-current		
Long-term borrowings		
Bank borrowings (Note (a))		
– Secured	**76,310,874**	49,248,702
– Unsecured	**5,747,461**	4,979,450
	82,058,335	54,228,152
Domestic bonds (Note (b))		
– Unsecured	**32,989,149**	48,864,935
Medium-term notes (Note (c))		
– Unsecured	**1,996,516**	1,994,168
Senior notes (Note (d))		
– Secured	**15,703,286**	7,858,279
Other borrowings (Note (e))		
– Secured	**14,223,474**	13,214,000
– Unsecured	**2,403,800**	500,000
	16,627,274	13,714,000
Finance lease liabilities (Note (g))		
– Secured	**135,216**	224,075
Less: current portion of long-term borrowings	**(38,561,266)**	(13,054,198)
	110,948,510	113,829,411
Current		
Short-term borrowings		
Bank borrowings (Note (a))		
– Secured	**2,212,745**	6,098,539
– Unsecured	**418,605**	558,000
	2,631,350	6,656,539
Super & Short-term Commercial Papers (Note (f))		
– Unsecured	**5,168,603**	–
Senior notes (Note (d))		
– Secured	**4,427,852**	5,118,685
Other borrowings (Note (e))		
– Secured	**1,561,093**	2,350,000
– Unsecured	**–**	1,235,000
	1,561,093	3,585,000
	13,788,898	15,360,224
Current portion of long-term borrowings	**38,561,266**	13,054,198
Total borrowings	**163,298,674**	142,243,833

(All amounts in RMB Yuan thousands unless otherwise stated)

24. 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:

	2018	2017
At 1 January	**60,884,691**	46,068,041
Additions	**53,309,906**	37,729,372
Acquisition of subsidiaries	**718,386**	841,847
Repayments	**(30,783,398)**	(23,033,758)
Foreign exchange losses/(gains)	**560,100**	(720,811)
At 31 December	**84,689,685**	60,884,691

(ii) The maturity of bank borrowings is as follows:

	2018	2017
Within one year	**21,274,870**	16,363,427
Between one and two years	**16,156,875**	18,354,530
Between two and five years	**19,740,720**	10,903,229
Over five years	**27,517,220**	15,263,505
Total bank borrowings	**84,689,685**	60,884,691

(iii) The carrying amounts of the Group's bank borrowings are denominated in the following currencies:

	2018	2017
– RMB	**71,445,870**	45,243,934
– USD	**10,637,750**	12,849,477
– HKD	**1,600,598**	1,701,065
– GBP	**503,908**	509,890
– AUD	**501,559**	580,325
	84,689,685	60,884,691

(iv) The effective interest rate of bank borrowings is 5.36% (2017: 4.51%).

(v) The carrying amounts of bank borrowings approximate their fair values.

24. BORROWINGS (Continued)

(b) Domestic bonds

(i) 2015 Public 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 Public Bonds"). The net proceeds of the 2015 Public Bonds, after deducting the transaction costs, amounted to RMB6,423,000,000. The corporate bonds were listed on the Shanghai Stock Exchange on 25 August 2015.

The interest rate of the 2015 Public Bonds was fixed at 4.95% 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 2015 Public 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.

On 13 July 2018, the Company early redeemed 62,545,820 units of 2015 Bonds at a redemption price equal to 100% of the principal amount. The interest rate was fixed at 7.00% per annum for the remaining periods. The carrying amount of the remaining 2015 Public Bonds amounted to RMB245,418,000.

(ii) 2016 Public 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 Public Bonds I"). The interest rates of the Original 2016 Public Bonds and Additional 2016 Public Bonds I were 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 Public Bonds and Additional 2016 Public 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 Public Bonds II"). The interest rate of the Additional 2016 Public Bonds II was 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 Public 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 Public Bonds III" and, together with the Original 2016 Public Bonds, the Additional 2016 Public Bonds I and II, the "2016 Public Bonds"). The interest rate of the Additional 2016 Public Bonds III was fixed at 3.95% per annum. On the fourth anniversary of the issue date, the Company has an option to adjust the interest rate for the remaining periods. The Additional 2016 Public Bonds III will mature after seven years from the issue date, and are puttable for early redemption at the principal amount upon the fourth anniversary of the issue date.

The net proceeds of all the 2016 Public Bonds, after deducting the transaction costs, amounted to RMB12,382,400,000. The 2016 Public Bonds were listed on the Shanghai Stock Exchange.

24. 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 was 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 was 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.

On 30 May 2018, the Company redeemed 84,700,000 units of the Additional 2016 Non-public Bonds I at a redemption price equal to 100% of the principal amount. The interest rate was fixed at 6.50% per annum for the remaining periods.

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 was 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.

On 29 June 2018, the Company redeemed 85,000,000 units of the Additional 2016 Non-public Bonds II at a redemption price equal to 100% of the principal amount. The interest rate was fixed at 7.50% per annum for the remaining periods.

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 was 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.

24. BORROWINGS (Continued)

(b) Domestic bonds (continued)

(iv) 2018 Non-public Bonds

The Company issued 10,000,000 units of non-public bonds at a par value of RMB1 billion in the PRC on 30 May 2018 (the "2018 Non-public Bonds I"). The interest rate of the 2018 Non-public Bonds I was fixed at 6.80% per annum. On the first and the second anniversary of the issue date, the Company will have an option to adjust the interest rate for the remaining periods. The 2018 Non-public Bonds I will mature after three years from the issue date and are puttable for early redemption at the principal amount upon the first or the second anniversary of the issue date.

The Company issued 5,000,000 units of non-public bonds at a par value of RMB0.5 billion in the PRC on 26 June 2018 (the "2018 Non-public Bonds II"). The interest rate of the 2018 Non-public Bonds II was fixed at 7.30% per annum. On the first and the second anniversary of the issue date, the Company will have an option to adjust the interest rate for the remaining periods. The 2018 Non-public Bonds II will mature after three years from the issue date and are puttable for early redemption at the principal amount upon the first or the second anniversary of the issue date.

The Company issued 12,000,000 units of non-public bonds at a par value of RMB1.2 billion in the PRC on 17 September 2018 (the "2018 Non-public Bonds III"). The interest rate of the 2018 Non-public Bonds III was fixed at 7.30% per annum. On the first and the second anniversary of the issue date, the Company will have an option to adjust the interest rate for the remaining periods. The 2018 Non-public Bonds III will mature after three years from the issue date and are puttable for early redemption at the principal amount upon the first or the second anniversary of the issue date.

The Company issued 5,500,000 units of non-public bonds at a par value of RMB0.55 billion in the PRC on 17 September 2018 (the "2018 Non-public Bonds IV", and, together with the 2018 Non-public Bonds I, II and III, the "2018 Non-public Bonds"). The interest rate of the 2018 Non-public Bonds IV was fixed at 7.70% per annum. On the second anniversary of the issue date, the Company will have an option to adjust the interest rate for the remaining periods. The 2018 Non-public Bonds IV 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 net proceeds of the 2018 Non-public Bonds, after deducting the transaction costs, amounted to RMB3,236,200,000.

(v) 2018 Public Bonds

The Company issued 40,000,000 units of corporate bonds at a par value of RMB4 billion in the PRC on 3 December 2018 (the "2018 Public Bonds"). The interest rate of the 2018 Public Bonds was fixed at 6.58% per annum. On the second anniversary of the issue date, the Company will have an option to adjust the interest rate for the remaining periods. The 2018 Public Bonds 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 net proceeds of the 2018 Public Bonds, after deducting the transaction costs, amounted to RMB3,991,000,000. The 2018 Public Bonds were listed on the Shanghai Stock Exchange on 17 December 2018.

(All amounts in RMB Yuan thousands unless otherwise stated)

24. BORROWINGS (Continued)

(b) Domestic bonds (continued)

(vi) Fair value and movement of domestic bonds

The fair values of the 2015 Public Bonds, 2016 Public Bonds, and 2018 Public Bonds as at 31 December 2018 amounted to RMB16,695,247,000 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 2018 and were within level 1 of the fair value hierarchy.

The fair values of the 2016 Non-public Bonds and 2018 Non-public Bonds as at 31 December 2018 approximate their carrying amount. The fair values were based on cash flows discounted at the borrowing rate of 5.58%, and were within level 2 of the fair value hierarchy.

The movements of domestic bonds are set out below:

	2018	2017
At 1 January	**48,864,935**	48,697,974
Additions	**7,227,200**	–
Redemption	**(23,224,582)**	–
Interest charged	**1,935,319**	2,463,693
Interest paid or included in other payables	**(1,813,723)**	(2,296,732)
At 31 December	**32,989,149**	48,864,935

(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.

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”, and together with the 2017 Medium-term Notes I, the “2017 Medium-term Notes”). 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, after deducting the transaction costs, amounted to RMB1,992,800,000.

The fair value of 2017 Medium-term Notes as at 31 December 2018 approximate their carrying amount. The fair value was based on cash flows discounted at the borrowing rate of 5.51%, and was within level 2 of the fair value hierarchy.

(All amounts in RMB Yuan thousands unless otherwise stated)

24. BORROWINGS (Continued)

(c) Medium-term notes (continued)

The movements of medium-term notes are set out below:

	2018	2017
At 1 January	**1,994,168**	–
Additions	**–**	1,992,800
Interest charged	**109,848**	64,163
Interest paid or included in other payables	**(107,500)**	(62,795)
At 31 December	**1,996,516**	1,994,168

(d) Senior notes

The senior notes are the only direct, unsubordinated, unconditional and secured obligations of the relevant issuers.

(i) 2017 Notes

2017 Notes I

On 13 January 2017, a subsidiary of the Group, 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.

2017 Notes II

On 13 October 2017, a subsidiary of the Group, 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.

On 27 April 2018, Trillion Chance settled a Tender Offer and accepted for purchase the 2017 Notes II pursuant to the Tender Offer in the aggregate principal amount of USD400,000,000 in a price equal to 100.6% of the principal amount. On 11 October 2018, Trillion Chance redeemed the remaining 2017 Notes II in the aggregate principal amount of USD400,000,000 in a price equal to 100% of the principal amount.

24. BORROWINGS (Continued)

(d) Senior notes (continued)

(i) 2017 Notes (continued)

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").

On 9 January 2018, Easy Tactic further issued 5.875% senior notes due 13 February 2023 in the aggregate principal amount of USD100,000,000 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 "2017 Notes III – Additional Notes" and, together with the 2017 Notes III – Original Notes, the "2017 Notes III"). The net proceeds of the 2017 Notes III, after deducting the transaction costs, amounted to RMB3,891,552,000.

(ii) 2018 Notes

2018 Notes I

On 15 February 2018, Trillion Chance issued 5.000% senior notes due 13 February 2019 in the aggregate principal amount of USD350,000,000 with the issue price 100% of the principal amount (the "2018 Notes I"). The net proceeds of the 2018 Notes I, after deducting the transaction costs, amounted to RMB2,206,205,000.

2018 Notes II

On 25 April 2018, Easy Tactic issued 7.000% senior notes due 25 April 2021 in the aggregate principal amount of USD600,000,000 with the issue price 100% of the principal amount (the "2018 Note II – Original Notes").

On 12 June 2018, Easy Tactic further issued 7.000% senior notes due 25 April 2021 in the aggregate principal amount of USD200,000,000 with the issue price 97.467% of the principal amount, plus accrued interest from (and including) 25 April 2018 to (but excluding) 12 June 2018 (the "2018 Note II – Additional Notes" and, together with the 2018 Note II – Original Notes, the "2018 Notes II"). The net proceeds of the 2018 Notes II, after deducting the transaction costs, amounted to RMB4,934,901,000.

2018 Notes III

On 27 September 2018, Easy Tactic issued 8.875% senior notes due 27 September 2021 in the aggregate principal amount of USD200,000,000 with the issue price 100% of the principal amount (the "2018 Notes III"). The net proceeds of the 2018 Notes III, after deducting the transaction costs, amounted to RMB1,348,168,000.

(All amounts in RMB Yuan thousands unless otherwise stated)

24. BORROWINGS (Continued)

(d) Senior notes (continued)

(ii) 2018 Notes (continued)

2018 Notes IV

On 10 October 2018, Trillion Chance issued 7.500% senior notes due 8 October 2019 in the aggregate principal amount of USD300,000,000 with the issue price 100% of the principal amount (the "2018 Notes IV"). The net proceeds of the 2018 Notes IV, after deducting the transaction costs, amounted to RMB2,024,139,000.

As at 31 December 2018, the 2017 Notes I, 2017 Notes III, 2018 Notes I, 2018 Notes II, 2018 Notes III and 2018 Notes IV 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 6.25% to 9.57% (2017: 6.14% to 9.14%).

The movements of senior notes are set out below:

	2018	2017
At 1 January	**12,976,964**	11,550,207
Issuance	**11,147,119**	13,271,339
Redemption	**(5,299,760)**	(11,040,521)
Early redemption premium paid	**(16,730)**	(474,365)
Interest charged	**1,375,262**	464,876
Interest paid or included in other payables	**(1,167,095)**	(385,793)
Foreign exchange losses/(gains)	**1,115,378**	(408,779)
At 31 December	**20,131,138**	12,976,964

The carrying amounts of the Group's senior notes are denominated in USD.

The fair value of the senior notes as at 31 December 2018 amounted to RMB19,275,477,000 (31 December 2017: RMB13,216,190,000). The fair value is determined by reference to the price quotations published by Bloomberg on the last trading date of the year ended 31 December 2018 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.

(All amounts in RMB Yuan thousands unless otherwise stated)

24. BORROWINGS (Continued)

(e) Other borrowings (continued)

(i) The movements of other borrowings are set out below:

	2018	2017
At 1 January	**17,299,000**	14,212,330
Additions	**13,046,247**	13,076,560
Acquisition of a subsidiary	**–**	300,000
Repayments	**(12,145,401)**	(10,274,070)
Interest charged	**1,268,760**	1,150,472
Interest paid or included in other payables	**(1,268,760)**	(1,150,472)
Foreign exchange gains	**(11,479)**	(15,820)
At 31 December	**18,188,367**	17,299,000

(ii) The maturity of other borrowings is as follows:

	2018	2017
Within one year	**6,461,893**	6,843,000
Between one and two years	**6,978,200**	5,798,000
Between two and five years	**2,000,000**	3,159,000
Over five years	**2,748,274**	1,499,000
Total other borrowings	**18,188,367**	17,299,000

(iii) The carrying amounts of other borrowings as at 31 December 2018 and 2017 are denominated in RMB, GBP and USD.

(iv) The effective interest rate of these funding arrangements ranged from 4.75% to 11.33% (2017: 4.75% to 13.18%).

(v) The carrying amounts of other borrowings approximate their fair values.

(f) Super & Short-term Commercial Papers ("SCPs")

The Company issued 71,700,000 units of SCPs at a par value of RMB7.17 billion in the PRC in 2018 (the "2018 SCPs"). The interest rate of the 2018 SCPs ranged from 5.30% to 6.50% per annum. The 2018 SCPs will mature after 270 days from the issue dates.

The net proceeds of the 2018 SCPs, after deducting the transaction costs, amounted to RMB7,162,935,000. All the 2018 SCPs have been listed on the Inter-bank Bond Market.

On 4 December 2018 and 23 December 2018, the Company redeemed 20,000,000 units of 2018 SCPs at a redemption price equal to 100% of the principal amount.

The fair value of 2018 SCPs as at 31 December 2018 approximate their carrying amount. The fair value was based on cash flows discounted at the borrowing rate of 5.67%, and was within level 2 of the fair value hierarchy.

(All amounts in RMB Yuan thousands unless otherwise stated)

24. BORROWINGS (Continued)

(f) Super & Short-term Commercial Papers ("SCP") (continued)

The movements of SCPs are set out below:

	2018	2017
At 1 January	–	–
Additions	7,162,935	–
Redemption	(2,000,000)	–
Interest charged	207,746	–
Interest paid or included in other payables	(202,078)	–
At 31 December	5,168,603	–

(g) Finance lease liabilities

In August 2016, 北京富力通達, a subsidiary of the Company entered into an aircraft rental agreement with an independent third party under a finance 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.

As at 31 December 2018, the Group also leased certain office equipments and automobile under finance lease expiring within 2 to 4 years from independent third parties.

The movements of finance lease liabilities are set out below:

	2018	2017
At 1 January	224,075	323,532
Additions	248	2,017
Repayments	(89,000)	(101,378)
Interest charged	11,189	13,069
Interest paid or included in other payables	(11,296)	(13,165)
At 31 December	135,216	224,075

Gross finance lease liabilities – minimum lease payments

	2018	2017
No later than 1 year	94,011	97,900
Later than 1 year and no later than 5 years	46,914	140,448
	140,925	238,348
Future finance charges on finance leases	(5,709)	(14,273)
Present value of finance lease liabilities	135,216	224,075

The present value of finance lease liabilities is as follows:

	2018	2017
No later than 1 year	89,159	89,310
Later than 1 year and no later than 5 years	46,057	134,765
	135,216	224,075

(All amounts in RMB Yuan thousands unless otherwise stated)

24. BORROWINGS (Continued)

(h) As at 31 December 2018, bank and other borrowings totaling RMB92,462,327,000 (2017: RMB69,161,241,000) of the Group were secured by the following assets and the Group's shares of certain subsidiaries:

	2018	2017
Land use rights	1,419,150	757,672
Property, plant and equipment	28,102,399	5,225,278
Investment properties	14,581,099	15,190,552
Properties under development	49,960,358	29,119,715
Completed properties held for sale	3,596,408	6,648,588
Restricted cash	4,119,875	6,289,757
	101,779,289	63,231,562

Bank borrowings of RMB289,585,000 (31 December 2017: Nil) are under securitisation arrangements collateralised by certain future trade receivables from the remaining receipts from construction of properties amounting to RMB311,680,000 (31 December 2017: Nil). These securities bear an effective interest rate of 3.915% to 4.275% per annum and have a revolving term from 5 to 12 months.

Other borrowings of RMB1,556,274,000 (31 December 2017: RMB1,750,000,000) are under securitisation arrangements collateralised by certain future trade receivables from the remaining receipts from sales of properties amounting to RMB1,184,260,000 (31 December 2017: RMB1,877,682,000). These securities bear an effective interest rate of 7.6% per annum and have a revolving term of 7 months.

(i) The majority of unsecured bank and other borrowings are guaranteed by the Company or certain subsidiaries of the Group. Details are as follows:

	2018	2017
Guarantors:		
The Company	7,676,706	6,627,450
Subsidiaries	893,160	645,000
	8,569,866	7,272,450

(All amounts in RMB Yuan thousands unless otherwise stated)

25. DEFERRED INCOME TAX

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	2018	2017
Deferred income tax assets:		
–To be recovered after 12 months	**6,392,013**	5,289,578
–To be recovered within 12 months	**2,324,267**	1,127,912
	8,716,280	6,417,490
Deferred income tax liabilities:		
–To be recovered after 12 months	**(5,788,891)**	(6,026,683)
–To be recovered within 12 months	**(1,876,784)**	(693,685)
	(7,665,675)	(6,720,368)
Deferred income tax assets/(liabilities) – net	**1,050,605**	(302,878)

The movements in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred income 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 AFS	Revaluation of financial assets at FVOCI	Interest capitalisation and others	Revaluation gains on investment properties transferred from property, plant and equipment and land use rights	Total
At 1 January 2017	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 as originally presented	693,685	4,251,047	1,831,475	72,082	-	915,062	-	7,763,351
Adjustment on adoption of HKFRS 9 and HKFRS 15	789,059	-	(2,524)	(72,082)	72,082	(24,348)	-	762,187
Restated at 1 January 2018	1,482,744	4,251,047	1,828,951	-	72,082	890,714	-	8,525,538
Charged/(credited) to the income statement	393,999	204,645	(96,892)	-	-	480,851	-	982,603
Acquisitions of subsidiaries	-	-	159,982	-	-	-	-	159,982
Charged/(credited) to other comprehensive income	-	-	-	-	(25,366)	-	173,761	148,395
Credited to equity	-	-	-	-	(33,420)	-	-	(33,420)
At 31 December 2018	1,876,743	4,455,692	1,892,041	-	13,296	1,371,565	173,761	9,783,098

(All amounts in RMB Yuan thousands unless otherwise stated)

25. DEFERRED INCOME TAX (Continued)

Deferred income tax assets:

	Accruals and others	Tax losses	Unrealised profit on intra-group transactions	Revaluation of financial assets at FVOCI	Revaluation deficit arising from business combinations	Total
At 1 January 2017	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 as originally presented	**3,927,689**	**1,432,775**	**632,379**	**–**	**1,467,630**	**7,460,473**
Adjustment on adoption of HKFRS 9 and HKFRS 15	**156,605**	**–**	**–**	**–**	**–**	**156,605**
Restated at 1 January 2018	**4,084,294**	**1,432,775**	**632,379**	**–**	**1,467,630**	**7,617,078**
Credited/(charged) to the income statement	**1,594,265**	**1,287,167**	**215,679**	**–**	**(55,689)**	**3,041,422**
Acquisitions of subsidiaries	**–**	**129,987**	**–**	**–**	**44,937**	**174,924**
Credited to other comprehensive income	**–**	**–**	**–**	**279**	**–**	**279**
At 31 December 2018	**5,678,559**	**2,849,929**	**848,058**	**279**	**1,456,878**	**10,833,703**

As at 31 December 2018, deferred income tax assets of RMB2,117,423,000 were offset against deferred income tax liabilities within the same tax jurisdictions (31 December 2017: RMB1,042,983,000).

26. CURRENT INCOME TAX LIABILITIES

	2018	2017
Land appreciation tax liabilities	**13,674,714**	11,829,044
Income tax liabilities	**4,953,667**	3,923,908
	18,628,381	15,752,952

27. OTHER INCOME

	2018	2017
Interest income	**277,571**	198,856
Other operating income	**254,731**	119,061
Forfeited deposits from customers	**89,378**	31,118
Government subsidy income	**84,295**	20,595
Dividends income from AFS financial assets	**–**	10,233
	705,975	379,863

(All amounts in RMB Yuan thousands unless otherwise stated)

28. OTHER GAINS – NET

	2018	2017
Fair value gains on investment properties - net	730,012	780,672
Gains on disposal of a joint venture	54,987	–
Gains on disposals of intangible assets	54,087	54,355
Losses on disposals of property, plant and equipment	(11,029)	(1,247)
Losses on disposal of financial assets at FVOCI	(596)	–
Gains on disposals of land use rights	–	25,679
Losses on disposal of an associate	–	(13,459)
Others	104,819	99,185
	932,280	945,185

29. EXPENSES BY NATURE

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

	2018	2017
Cost of properties sold	46,163,251	36,711,351
Employee benefit expenses	3,465,819	2,242,624
Depreciation	1,498,423	694,461
Business taxes and other levies	1,160,407	1,007,077
Advertising costs	436,117	224,028
Amortisation of land use rights and intangible assets	336,534	138,862
Office expenses	310,701	201,239
Operating lease payments	68,418	45,089
Auditors' remuneration	12,010	10,729
– Audit services	7,131	6,210
– Non-audit services	4,879	4,519
Others	3,647,291	2,368,350
	57,098,971	43,643,810

30. EMPLOYEE BENEFIT EXPENSES

	2018	2017
Wages and salaries	2,545,053	1,781,851
Retirement scheme contributions	639,597	326,895
Other allowances and benefits	281,169	133,878
	3,465,819	2,242,624

(All amounts in RMB Yuan thousands unless otherwise stated)

30. EMPLOYEE BENEFIT EXPENSES (Continued)

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year do not include any director (2017: Nil) whose emoluments are reflected in the analysis shown in Note 41. The emoluments payable to the five (2017: five) individuals during the year are as follows:

	2018	2017
Wages and salaries, housing allowances, other allowances and benefits in kind	**232,020**	147,108

The emoluments fell within the following bands:

	Number of individuals	
	2018	2017
Emolument bands		
HKD13,500,001 to HKD14,000,000	**–**	1
HKD22,000,001 to HKD22,500,000	**–**	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
HKD35,500,001 to HKD36,000,000	**1**	–
HKD43,500,001 to HKD44,000,000	**1**	–
HKD56,000,001 to HKD56,500,000	**1**	–
HKD70,500,001 to HKD71,000,000	**–**	1
HKD115,500,001 to HKD116,000,000	**1**	–

31. FINANCE COSTS

	2018	2017
Interest expenses:		
– bank borrowings	**4,541,977**	2,742,532
– domestic bonds (Note 24(b))	**1,935,319**	2,463,693
– medium-term notes (Note 24(c))	**109,848**	64,163
– senior notes (Note 24(d))	**1,375,262**	464,876
– other borrowings (Note 24(e))	**1,268,760**	1,150,472
– SCPs (Note 24(f))	**207,746**	–
– finance lease liabilities (Note 24(g))	**11,189**	13,069
	9,450,101	6,898,805
Early redemption premium for senior notes	**16,730**	–
Net foreign exchange losses/(gains)	**1,765,481**	(1,172,053)
Less: finance costs capitalised	**(6,019,985)**	(4,053,773)
	5,212,327	1,672,979

(All amounts in RMB Yuan thousands unless otherwise stated)

32. INCOME TAX EXPENSES

	2018	2017
Current income tax		
– enterprise income tax (Note (b))	**5,411,019**	3,566,217
Deferred income tax	**(2,058,819)**	(337,102)
	3,352,200	3,229,115
Current PRC land appreciation tax (Note (c))	**4,856,761**	3,821,650
Total income tax expenses (Note (d))	**8,208,961**	7,050,765

(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 (2017: Nil).

(b) Enterprise income tax

Enterprise income tax is computed according to the relevant laws and regulations enacted in the countries where the Group operated and generated taxable income.

In respect of the applicable income tax rates for the year ended 31 December 2018, all of the companies in the PRC were primarily taxed at 25% (2017: 25%) on their profits.

(c) PRC land appreciation tax

Certain PRC subsidiaries are also subject to 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)

32. 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:

	2018	2017
Profit before income tax	**16,937,346**	28,475,020
Less: land appreciation tax	**(4,856,761)**	(3,821,650)
	12,080,585	24,653,370
Calculated at tax rate of 25% (2017: 25%)	**3,020,146**	6,163,343
Effects of:		
– Different income tax rates of certain companies	**12,965**	(11,804)
– Share of results of joint ventures and associates	**(95,671)**	(23,712)
– Expenses and development costs not deductible for tax purposes	**108,622**	103,152
– Tax losses for which no deferred income tax asset was recognised	**804,601**	308,603
– Income not subject to tax	**(11,640)**	(154,892)
– Gains on bargain purchase	**(99,306)**	(3,276,890)
– Others	**(387,517)**	121,315
PRC enterprise income tax	**3,352,200**	3,229,115
Land appreciation tax	**4,856,761**	3,821,650
Tax charge	**8,208,961**	7,050,765

(e) The tax charges relating to components of other comprehensive income are as follows:

	2018			2017		
	Before tax	**Tax charges**	**After tax**	Before tax	Tax charges	After tax
Fair value losses of AFS	**–**	**–**	**–**	(182,480)	45,620	(136,860)
Fair value losses of financial assets at FVOCI	**(97,120)**	**25,645**	**(71,475)**	–	–	–
Revaluation gains on investment properties transferred from property, plant and equipment and land use rights	**643,319**	**(173,761)**	**469,558**	–	–	–

33. 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 outstanding during the year.

	2018	2017
Profit attributable to owners of the Company	**8,371,237**	21,186,451
Weighted average number of ordinary shares in issue (thousands)	**3,222,367**	3,222,367
Earnings per share (RMB per share)	**2.5979**	6.5748

There were no potential dilutive ordinary shares as at 31 December 2018 and 2017.

34. DIVIDENDS

The dividends declared in 2018 were RMB3,770,170,000 (2017: RMB 3,319,038,000). A dividend in respect of the year ended 31 December 2018 of RMB0.83 per ordinary share, amounting to a total dividend of RMB2,674,565,000, is to be proposed at the annual general meeting on 30 May 2019. These financial statements do not reflect this dividend payable.

	2018	2017
Interim dividend declared of RMB0.40 (2017: RMB0.33) per ordinary share	**1,288,947**	1,063,381
Proposed final dividend of RMB0.83 (2017: RMB0.77) per ordinary share	**2,674,565**	2,481,223
	3,963,512	3,544,604

(All amounts in RMB Yuan thousands unless otherwise stated)

35. CASH FLOW INFORMATION

(a) Cash generated from operations

	2018	2017
Profit for the year	**8,728,385**	21,424,255
Adjustments for:		
– Capitalised finance costs included in costs of sales	**3,549,777**	3,451,904
– Taxes	**8,208,961**	7,050,765
– Interest income	**(277,571)**	(198,856)
– Finance costs	**5,212,327**	1,672,979
– Depreciation	**1,498,423**	694,461
– Amortisation of land use rights and intangible assets	**336,534**	138,862
– Losses on disposals of property, plant and equipment	**11,029**	1,247
– Gains on disposals of land use rights	**–**	(25,679)
– Gains on disposals of intangible assets	**(54,087)**	(54,355)
– Losses on disposal of an associate	**–**	13,459
– Gains on disposal of a joint venture	**(54,987)**	–
– Gains on bargain purchase	**(397,226)**	(13,107,560)
– Remeasurement gain of previously held interests in joint ventures and associates	**(29,852)**	–
– Loss on disposal of financial assets at FVOCI	**596**	–
– Share of results of joint ventures	**(288,505)**	33,322
– Share of results of associates	**(94,177)**	(128,170)
– Fair value gains on investment properties	**(730,012)**	(780,672)
– Dividend income from AFS financial assets	**–**	(10,233)
– Elimination of unrealised profits	**37,670**	21,517
Operating profit before changes in working capital	**25,657,285**	20,197,246
Changes in working capital:		
– Properties under development and completed properties held for sale	**(38,348,743)**	(22,586,874)
– Trade receivables	**(2,930,272)**	(743,714)
– Other receivables and prepayments	**(1,642,887)**	(6,762,056)
– Restricted cash	**(4,555,279)**	1,237,954
– Contract liabilities (2017:Deposits received on sale of properties)	**10,248,235**	9,511,333
– Accruals and other payables	**20,191,072**	2,413,588
– Contract assets	**(724,178)**	–
Cash generated from operations	**7,895,233**	3,267,477

(All amounts in RMB Yuan thousands unless otherwise stated)

35. 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.

	2018	2017
Cash and cash equivalents	**19,782,883**	19,697,169
Borrowings – repayable within one year	**(52,350,164)**	(28,414,422)
Borrowings – repayable after one year	**(110,948,510)**	(113,829,411)
Net debt	**(143,515,791)**	(122,546,664)
Cash and cash equivalents	**19,782,883**	19,697,169
Gross debt – fixed interest rates	**(77,063,735)**	(85,811,800)
Gross debt – variable interest rates	**(86,234,939)**	(56,432,033)
Net debt	**(143,515,791)**	(122,546,664)

		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 2017	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)
Cash flow	**109,202**	**160**	**97,746**	**(22,809,173)**	**4,368,232**	**(18,233,833)**
Acquisitions	**–**	**–**	**–**	**(417,198)**	**(301,188)**	**(718,386)**
Currency translation differences	**(23,488)**	**–**	**–**	**(628,991)**	**(1,035,008)**	**(1,687,487)**
Other non-cash movements	**–**	**(9)**	**(9,038)**	**(80,531)**	**(239,843)**	**(329,421)**
Net debt as at 31 December 2018	**19,782,883**	**(89,159)**	**(46,057)**	**(52,261,005)**	**(110,902,453)**	**(143,515,791)**

(All amounts in RMB Yuan thousands unless otherwise stated)

36. FINANCIAL GUARANTEE CONTRACTS

	2018	2017
Guarantees in respect of mortgage facilities granted to purchasers of the Group's properties (Note (a))	68,163,184	52,779,589
Guarantees in respect of borrowings of joint ventures and associates (Note (b))	6,730,589	5,102,942
	74,893,773	57,882,531

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) the satisfaction of relevant mortgage loan by the purchasers.

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.

37. COMMITMENTS

(a) Commitments for capital and property development activities

	2018	2017
Contracted but not provided for		
– Property development activities (including land premium)	31,188,947	27,029,076
– Acquisition of hotels	530,830	797,340
	31,719,777	27,826,416

(b) Operating lease commitments

The future aggregate minimum lease payments for land use rights and buildings under non-cancellable operating leases are as follows:

	2018	2017
No later than one year	58,424	33,692
Later than one year and no later than five years	60,695	36,029
Later than five years	22,819	34,244
	141,938	103,965

(All amounts in RMB Yuan thousands unless otherwise stated)

37. COMMITMENTS (Continued)

(c) Operating lease rentals receivable

Some of the investment properties are leased to tenants under long-term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are as follows:

	2018	2017
No later than one year	**1,002,987**	858,539
Later than one year and no later than five years	**1,523,487**	1,484,638
Later than five years	**331,583**	415,224
	2,858,057	2,758,401

38. SIGNIFICANT RELATED-PARTY TRANSACTIONS

The major shareholders of the Group include Dr. Li Sze Lim and Mr. Zhang Li, who own 33.58% 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

	2018	2017
Salaries and welfare benefits	**103,695**	100,113

ii) Provision of lease of properties

	2018	2017
A joint venture: 廣州市富景房地產開發有限公司(「廣州富景」)	**133**	–

iii) Drinking water system charges

	2018	2017
An associate: 長泰馬洋溪水務有限公司(「馬洋溪水務」)	**42**	–
Common shareholders: 廣州越富環保科技有限公司(「越富環保」)	**26**	41
	68	41

(All amounts in RMB Yuan thousands unless otherwise stated)

38. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

iv) Provision of property management services

	2018	2017
Joint ventures:		
貴州大西南房地產開發有限公司(「貴州大西南」)	**14,790**	10,696
天津津南新城房地產開發有限公司(「津南新城」)	**5,458**	24,987
廣州市森華房地產有限公司(「森華房地產」)	**2,903**	–
長沙禧榮置業有限公司(「長沙禧榮」)	**704**	–
	23,855	35,683
Associates:		
河南建業富居投資有限公司(「河南建業」)	**9,831**	–
龍岩恒富房地產開發有限公司(「龍岩恒富」)	**676**	–
	10,507	–
	34,362	35,683

v) Provision of decoration, design and construction services

	2018	2017
Joint ventures:		
上海城投悦城置業有限公司(「上海悦城」)	**212,317**	24,945
RFCZ (UK) Ltd	**106,567**	–
貴州大西南	**92,281**	78,783
廣州富景	**58,656**	58,807
長沙禧榮	**21,083**	–
津南新城	**11,126**	11,731
森華房地產	**6,215**	12,579
廣西富雅投資有限公司(「廣西富雅」)	**1,169**	2,921
	509,414	189,766
Associates:		
龍岩恒富	**130,526**	34,951
河南建業	**21,741**	16,198
	152,267	51,149
	661,681	240,915

vi) Provision of consultation services

	2018	2017
A joint venture:		
貴州大西南	**795**	2,438

(All amounts in RMB Yuan thousands unless otherwise stated)

38. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

vii) Purchase of installation services

	2018	2017
Controlled by an immediate family member of a major shareholder:		
廣州鉅融機電工程有限公司	2,890	9,651

viii) Purchase of hotel services

	2018	2017
A joint venture:		
廣州富景	193	–

ix) Purchase of advertising services

	2018	2017
An associate:		
北京中房同創文化傳媒股份有限公司	198	–

x) Provision of technology services

	2018	2017
Joint ventures:		
RFCZ (UK) Ltd	10,161	–
貴州大西南	1,441	–
津南新城	368	–
廣州富景	283	–
森華房地產	175	–
	12,428	–
An associate:		
龍岩恒富	40	–
	12,468	–

xi) Purchase of property, plant and equipment

	2018	2017
A major shareholder	29,020	–

(All amounts in RMB Yuan thousands unless otherwise stated)

38. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

xii) Provision of entrusted management services

	2018	2017
An associate:		
龍岩恒富	**33,962**	–

xiii) 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 2018, the Group's guarantees for borrowings provided to its joint ventures and associates are shown as follows:

(a) Bank borrowings

	2018	2017
Joint ventures:		
廣州富景	**989,084**	1,022,424
Instant Glory International Limited ("Instant Glory")	**950,044**	–
津南新城	**746,250**	1,170,000
上海悦城	**623,815**	624,443
廣州市騰順投資有限公司(「騰順投資」)	**308,500**	308,500
森華房地產	**30,000**	67,500
廣西富雅	**–**	56,400
	3,647,693	3,249,267
Associates:		
河南建業	**1,007,141**	629,100
天津碧順房地產開發有限公司(「天津碧順」)	**36,300**	–
龍岩恒富	**–**	30,000
	1,043,441	659,100
	4,691,134	3,908,367

(b) Other borrowings

	2018	2017
A joint venture:		
中交富力(北京)置業有限公司(「中交富力」)	**770,000**	–
An associate:		
河南建業	**123,750**	402,300
	893,750	402,300

(All amounts in RMB Yuan thousands unless otherwise stated)

38. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

xiv) Balances with related parties

As at 31 December 2018, the Group had the following significant balances with related parties:

	2018	2017
Due from:		
Joint ventures		
– Non-trade balances		
騰順投資(Note (a))	**2,764,642**	682,408
長沙禧榮(Note (a))	**518,854**	605,828
中交富力(Note (a))	**480,150**	–
安徽皖富置業有限責任公司	**357,554**	–
湖州品富房地產開發有限公司	**292,594**	–
Hines Shanghai New Jiangwan Development Co., Ltd.	**181,107**	171,287
Accord Wing Limited	**79,606**	103,942
天津欣碧房地產開發有限公司(Note (a))	**53,673**	–
天津駿友房地產信息咨詢有限公司(Note (a))	**46,275**	–
RFCZ (UK) Ltd	**19,557**	–
北京力思創新國度科技有限公司	**2,117**	–
Instant Glory	**–**	2,179,543
南京星潤	**–**	147,025
Etone Australia	**–**	94,037
廣西富雅	**–**	10,003
	4,796,129	3,994,073
– Trade balances		
上海悦城	**44,270**	–
長沙禧榮	**16,370**	–
森華房地產	**1,747**	2,485
廣州富景	**200**	–
	62,587	2,485
Associates		
– Non-trade balances		
河南建業	**317,300**	–
衡陽傑輝置業有限公司	**166,809**	–
南通錦力置業有限公司	**121,248**	106,263
蘇州富景房地產開發有限公司	**96,836**	–
天津碧順	**80,611**	–
馬洋溪水務	**520**	520
龍岩恒富	**–**	103,206
	783,324	209,989
– Trade balances		
龍岩恒富	**–**	36,000
	5,642,040	4,242,547

(All amounts in RMB Yuan thousands unless otherwise stated)

38. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

xiv) Balances with related parties (continued)

	2018	2017
Advances received from (Note (b)):		
Joint ventures		
– Trade balances		
貴州大西南	**188,855**	–
RFCZ (UK) Ltd	**22,334**	–
	211,189	–
An associate		
– Trade balances		
龍岩恒富	**13,644**	–
Due to:		
Joint ventures		
– Non-trade balances		
廣州富景	**2,241,559**	2,025,265
上海悦城	**1,705,723**	1,661,137
Instant Glory	**1,213,557**	–
津南新城	**841,825**	491,825
森華房地產	**429,000**	389,000
貴州大西南	**356,942**	47,801
廣西富雅	**270,560**	–
	7,059,166	4,615,028
Associates		
– Non-trade balances		
龍岩恒富	**99,594**	–
北京盛興天和投資管理有限公司	**77,576**	77,576
河南建業	**–**	82,700
	177,170	160,276
Entities controlled by the same common shareholders		
– Non-trade balances		
越富環保	**46,000**	–
廣東華南環保投資股份有限公司	**14,000**	–
	60,000	–
A major shareholder (Note 23(b))	**450,000**	–
	7,971,169	4,775,304

The non-trade balances with related parties are interest free, unsecured and have no fixed repayment terms except for the balances with a major shareholder. No provisions are held against receivables from related parties (2017:Nil).

38. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

xiv) Balances with related parties (continued)

(a) It represents payments for purchases of land use rights paid by the Group on behalf of the joint venture.

(b) The Group provides construction services to certain related companies. Advance received from such related companies was classified as "contract liabilities".

39. EVENTS AFTER THE REPORTING PERIOD

(a) Domestic bonds

The Company further issued 70,200,000 units of corporate bonds at a par value of RMB7.02 billion in the PRC on 3 January 2019 (the "Additional 2018 Public Bonds"). The interest rate of the Additional 2018 Public Bonds is fixed at 7.00% per annum. On the second anniversary of the issue date, the Company will have an option to adjust the interest rate for the remaining periods. The Additional 2018 Public Bonds 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 net proceeds of the Additional 2018 Public Bonds, after deducting the transaction costs, amounted to RMB7,000,000,000. The Additional 2018 Public Bonds were listed on the Shanghai Stock Exchange on 18 January 2019.

(b) SCP

The Company issued 10,000,000 units of SCPs at a par value of RMB1 billion in the PRC on 4 January 2019 (the "2018 SCPs IX"). The interest rate of the 2018 SCPs IX is fixed at 5.66% per annum. The 2018 SCPs IX will mature after 90 days from the issue date.

The Company issued 15,000,000 units of SCPs at a par value of RMB1.5 billion in the PRC on 10 January 2019 (the "2019 SCPs I"). The interest rate of the 2019 SCPs I is fixed at 5.50% per annum. The 2019 SCPs I will mature after 270 days from the issue date.

The Company issued 13,000,000 units of SCPs at a par value of RMB1.3 billion in the PRC on 18 January 2019 (the "2019 SCPs II"). The interest rate of the 2019 SCPs II is fixed at 5.28% per annum. The 2019 SCPs II will mature after 270 days from the issue date.

On 8 January 2019, the Company redeemed 10,000,000 units of 2018 SCPs.

On 13 January 2019, the Company redeemed 10,000,000 units of 2018 SCPs.

(All amounts in RMB Yuan thousands unless otherwise stated)

39. EVENTS AFTER THE REPORTING PERIOD (Continued)

(c) Senior notes

On 10 January 2019, a subsidiary of the Group, Easy Tactic issued 8.75% senior notes due 10 January 2021 in the aggregate principal amount of USD500,000,000 with the issue price 99.775% of the principal amount (the "2019 Notes I – Original Notes").

On 17 January 2019, Easy Tactic further issued 8.75% senior notes due 10 January 2021 in the aggregate principal amount of USD200,000,000 with the issue price 100% of the principal amount, plus accrued interest from (and including) 10 January 2019 to (but excluding) 17 January 2019 (the "2019 Notes I – Additional Notes" and, together with the 2019 Note I – Original Notes, the "2019 Notes I"). The net proceeds of the 2019 Notes I, after deducting the transaction costs, amounted to RMB4,684,977,600.

On 28 January 2019, Easy Tactic issued 9.125% senior notes due 28 July 2022 in the aggregate principal amount of USD300,000,000 with the issue price 99.633% of the principal amount (the "2019 Notes II"). The net proceeds of the 2019 Notes II, after deducting the transaction costs, amounted to RMB1,983,676,800.

On 27 February 2019, Easy Tactic issued 8.125% senior notes due 27 February 2023 in the aggregate principal amount of USD450,000,000 with the issue price 100% of the principal amount and 8.625% senior notes due 27 February 2024 in the aggregate principal amount of USD375,000,000 with the issue price 100% of the principal amount (the "2019 Note III"). The net proceeds of the 2019 Notes III, after deducting the transaction costs, amounted to RMB5,515,702,500.

40. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company

	As at 31 December	
	2018	2017
ASSETS		
Non-current assets		
Land use rights	**19,803**	104,120
Property, plant and equipment	**334,126**	1,520,912
Investment properties	**2,478,476**	145,153
Intangible assets	**107,018**	81,901
Investments in subsidiaries	**27,434,267**	24,371,323
Interests in joint ventures	**3,532,725**	3,515,384
Interests in associates	**164,213**	57,405
Deferred income tax assets	**368,466**	294,997
Available-for-sale financial assets	**–**	400,390
Financial assets at fair value through other comprehensive income	**296,289**	–
	34,735,383	30,491,585

(All amounts in RMB Yuan thousands unless otherwise stated)

40. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

Balance sheet of the Company (Continued)

		As at 31 December	
		2018	2017
Current assets			
Properties under development		**939,010**	1,221,063
Completed properties held for sale		**1,602,020**	1,826,576
Trade and other receivables and prepayments		**68,704,030**	63,021,656
Contract assets		**11,391**	–
Tax prepayments		**11,138**	28,697
Restricted cash		**2,189,584**	4,788,177
Cash and cash equivalents		**2,836,085**	1,700,585
		76,293,258	72,586,754
Total assets		**111,028,641**	103,078,339
EQUITY			
Equity attributable to owners of the Company			
Share capital		**805,592**	805,592
Other reserves	Note (a)	**4,702,944**	4,480,630
Retained earnings	Note (a)	**4,334,016**	4,579,324
Total equity		**9,842,552**	9,865,546
LIABILITIES			
Non-current liabilities			
Long-term borrowings		**22,602,931**	50,859,103
Current liabilities			
Accruals and other payables		**57,469,443**	38,605,208
Contract liabilities		**34,115**	–
Current income tax liabilities		**973,189**	1,100,482
Short-term borrowings		**5,168,603**	1,750,000
Current portion of long-term borrowings		**14,937,808**	898,000
		78,583,158	42,353,690
Total liabilities		**101,186,089**	93,212,793
Total equity and liabilities		**111,028,641**	103,078,339

The balance sheet of the Company was approved by the Board of Directors on 20 March 2019 and were signed on its behalf.

Li Sze Lim
Director

Zhang Li
Director

(All amounts in RMB Yuan thousands unless otherwise stated)

40. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(a) Reserve movement of the Company

	Retained earnings	Other reserves
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 as previously presented	4,579,324	4,480,630
Adjustment on adoption of HKFRS 9	**(5,660)**	**–**
Balance as at 1 January 2018 as restated	**4,573,664**	**4,480,630**
Profit for the year	**3,396,841**	**–**
Fair value losses on financial assets at FVOCI, net of tax	**–**	**(77,629)**
Revaluation gains on investment properties transferred from property, plant and equipment and land use rights , net of tax	**–**	**400,204**
Disposals of financial assets at FVOCI	**133,681**	**(100,261)**
Dividends for the year	**(3,770,170)**	**–**
Balance as at 31 December 2018	**4,334,016**	**4,702,944**

41. 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 2018:

Name of Director	Salary and other benefits (Note (ii))	Employer's contribution to a retirement benefit scheme	Total
Executive Directors			
Dr. Li Sze Lim	**5,286**	**15**	**5,301**
Mr. Zhang Li (Note (i))	**5,286**	**4**	**5,290**
Mr. Zhou Yaonan	**6,478**	**–**	**6,478**
Mr. Lu Jing	**2,605**	**–**	**2,605**
Non-executive Directors			
Ms. Zhang Lin	**416**	**–**	**416**
Ms. Li Helen	**416**	**–**	**416**
Independent non-executive Directors			
Mr. Ng Yau Wah Daniel	**315**	**–**	**315**
Mr. Wong Chun Bong	**335**	**–**	**335**
Mr. Zheng Ercheng	**315**	**–**	**315**

(All amounts in RMB Yuan thousands unless otherwise stated)

41. BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' and chief executive's emoluments (continued)

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			
Dr. 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

(b) Supervisors' emoluments

The remuneration of every Supervisor for the year ended 31 December 2018 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 2017 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 2018, no directors waived or has agreed to waive any emoluments (2017: 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 (2017: Nil).

41. BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(c) Directors' retirement benefits and termination benefits

Save for those disclosed in note (a) above, none of the directors received or will receive any other retirement benefits or termination benefits for the year ended 31 December 2018 (2017: same).

(d) Consideration provided to third parties for making available directors' services

For the year ended 31 December 2018, the Group did not pay consideration to any third parties for making available directors' services (2017: same).

(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 2018, there is no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and connected entities with such directors (2017: nil).

(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 (2017: nil).

(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	
	2018	2017	**2018**	2017
As stated in accordance with CAS	**8,728,877**	21,425,638	**69,829,839**	64,862,417
Impact of HKFRS adjustments:				
1. Amortisation of revaluation gain arising from business combinations	**(655)**	(1,844)	**40,996**	41,651
2. Deferred taxation	**163**	461	**(10,251)**	(10,414)
As stated in accordance with HKFRS	**8,728,385**	21,424,255	**69,860,584**	64,893,654

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)

	2018	2017	2016	2015	2014
Non-current assets	**95,118,290**	84,429,320	48,033,848	44,573,266	39,659,133
Current assets	**271,075,640**	213,679,620	178,377,631	139,159,665	132,181,140
Total assets	**366,193,930**	298,108,940	226,411,479	183,732,931	171,840,273
Non-current liabilities	**118,614,185**	120,549,779	92,101,058	53,695,345	49,003,732
Current liabilities	**177,719,161**	112,665,507	87,474,224	80,820,206	70,690,979
Total liabilities	**296,333,346**	233,215,286	179,575,282	134,515,551	119,694,711
Total equity	**69,860,584**	64,893,654	46,836,197	49,217,380	52,145,562

CONSOLIDATED INCOME STATEMENT (YEAR ENDED 31 DECEMBER)

	2018	2017	2016	2015	2014
Revenue	**76,857,682**	59,277,855	53,730,339	44,290,924	34,705,410
Cost of sales	**(48,908,173)**	(38,315,554)	(38,543,599)	(30,083,853)	(22,391,431)
Gross profit	**27,949,509**	20,962,301	15,186,740	14,207,071	12,313,979
Other income and other gains — net	**1,638,255**	1,325,048	2,257,206	1,518,092	2,030,304
Selling and marketing costs	**(2,556,510)**	(1,814,776)	(1,315,362)	(896,657)	(896,059)
Administrative expenses	**(5,634,288)**	(3,513,480)	(2,672,863)	(2,409,572)	(2,220,501)
Net impairment losses on financial and contract assets	**(27,201)**	(13,502)	–	–	–
Gains on bargain purchase	**397,226**	13,107,560	–	–	–
Operating profit	**21,766,991**	30,053,151	13,455,721	12,418,934	11,227,723
Finance costs	**(5,212,327)**	(1,672,979)	(2,367,045)	(2,153,995)	(1,215,921)
Share of results of joint ventures	**288,505**	(33,322)	844,493	1,343,455	169,789
Share of results of associates	**94,177**	128,170	(64,329)	(18,893)	(25,205)
Profit before income tax	**16,937,346**	28,475,020	11,868,840	11,589,501	10,156,386
Income tax expense	**(8,208,961)**	(7,050,765)	(4,812,823)	(4,877,229)	(3,649,997)
Profit for the year	**8,728,385**	21,424,255	7,056,017	6,712,272	6,506,389
Attributable to:					
Owners of the Company	**8,371,237**	21,186,451	6,755,908	5,615,795	5,220,603
Holders of perpetual capital instruments	**33,433**	143,567	273,943	1,105,249	1,331,328
Non-controlling interest	**323,715**	94,237	26,166	(8,772)	(45,542)

PROPERTY LIST

Development Property for Sale	The Group's Interest (%)	Location	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
China						
Guangzhou						
R&F Global Merchandise City	80%	Pingbu Avenue North, Huadu District	Office & Retail	198,668	730,585	584,468
Jingang City Huawei Co. Project	100%	Modern Avenue, Huadong Town, Huadu District	Industrial & Storage	142,571	187,299	187,299
R&F Sky Apartment	100%	Guang Tang Road, Tang Dong, Tianhe District	Apartment	72,174	109,860	109,860
Baogang Road Project	100%	No. 3 Baogang Road, Haizhu District	Residential & Retail	4,031	43,400	43,400
Tianhe District Yushatan Village Project	100%	Yuzhong Road, Yushatan	Apartment	21,132	27,472	27,472
Shenzhen						
Bainikeng Project	65%	Pinghu Town, Longgang District	Residential	97,211	534,662	347,530
Zhuhai						
R&F Youpai Plaza	67%	Baosheng Road, Baoshui District	Apartment, Office & Retail	51,530	275,320	184,464
R&F Xintiandi	68%	South of Jiuzhou Road, Xiangzhou District	Residential, Apartment & Retail	16,813	236,484	159,627
Huizhou						
R&F Hot Spring Valley (excluding Hilton Hotel)	100%	Yonghan Town, Longmen County	Residential & Retail	1,630,681	564,597	564,597
R&F Bay Shore	100%	Dapu Tun, Renshan Town, Huidong County	Residential & Retail	1,318,673	1,259,719	1,259,719
R&F Modern Plaza	100%	Luoyang Town, Boluo County	Residential & Retail	79,167	47,830	47,830
R&F Huilin Hot Spring Village	100%	Hengli, Huicheng District	Residential	698,012	77,419	77,419
R&F Shangyue Court	100%	Jilong Village, Huidong County	Residential	110,505	318,876	318,876
Shanwei						
R&F Yuexi	100%	Hongcaoyuan District	Residential	30,000	111,334	111,334
Meizhou						
R&F City	100%	Meixian New Town	Residential & Retail	832,689	856,601	856,601
Yanming Lake Project	100%	Yanyang County, Meixian District	Residential	218,046	363,046	363,046
Jiangmen						
R&F Golden Jubilee Garden	50%	Yinhu Avenue, Xinhui District	Residential	37,628	103,724	51,862
R&F Nanhu Yipin	86%	Huicheng Street, Xinhui District	Residential & Retail	97,692	194,136	165,987

Development Property for Sale	The Group's Interest (%)	Location	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
Heshan						
R&F Shangyue Court	100%	Longkou Avenue, Xiehua Village, Longkou County	Residential	31,628	96,539	96,539
Shaoguan						
R&F City	65%	East of Shaoguan Avenue, Wujiang District	Residential	131,419	451,844	293,699
Zhaoqing						
R&F Shangyue Court	100%	Xincheng District 46, Dinghu District	Residential, Apartment & Retail	46,407	198,468	198,468
Yangjiang						
R&F Bay Shore	100%	Moon Bay, Shapa County	Residential	69,466	228,398	228,398
Yingde						
R&F Golden Jubilee Garden	100%	Yingde Economic Cooperation Zone	Residential	69,872	316,258	316,258
Lechang						
R&F Shangyue Court	100%	Lecheng Street	Residential	95,031	362,301	362,301
Hainan						
R&F Bay Shore (excluding Marriot Hotel)	100%	Zone B, Xiangshui Bay, Lingshui Town, Sanya	Residential & Retail	1,702,993	313,913	313,913
R&F Mangrove Bay (excluding Hilton Hotel)	100%	Sanlin Exit, Huandao West Line High-way, Chengmai Town	Residential & Retail	4,352,042	1,502,323	1,502,323
R&F Moon Bay Shore	100%	Moon Bay, Changli Town, Wenchang	Residential & Retail	277,160	42,167	42,167
R&F Yuehaiwan	100%	Linlan Bay, Haikou	Residential & Retail	586,240	409,890	409,890
Hongqi Town Project	70%	Hongqi Town, Qiongshan District, Haikou	Residential	187,574	300,710	210,497
R&F Yueshanhu	100%	West of Zhongxing Road, Danzhou	Residential	68,214	178,677	178,677
R&F The Top	100%	Both Sides of Guoxing Avenue, Haikou	Residential, Apartment, Retail & Office	93,948	669,270	669,270
Xiangtan						
Xiangjiang R&F City	100%	Jiuhua District	Residential & Retail	1,325,817	3,184,564	3,184,564
Changsha						
Yanghu Heart	33%	South of Xiandao Road, Yanghu Street	Residential, Apartment & Office	148,265	492,819	162,630
Furong Xintiandi	100%	Huoju Village, Mawangdui Street	Residential	32,095	159,610	159,610

Development Property for Sale	The Group's Interest (%)	Location	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
Hengyang						
Chuanshan West Road Project	50%	High-tech Development Zone	Residential	59,178	177,534	88,767
Wuhan						
Meiqiao Optical Valley Central City Project	50%	High-tech Development Zone, Guanggu Donghu	Office, Apartment & Retail	21,754	167,676	83,838
Tianmen						
R&F Cambridge Court	100%	Huiqiao Road	Residential	79,395	258,466	258,466
Erzhou						
R&F Golden Jubilee City	100%	Wenchang Avenue, Jinxiong Village,	Residential	54,676	187,861	187,861
Fuzhou						
R&F Center	100%	Taijiang District	Office	69,817	78,561	78,561
R&F City	100%	Jinshui Lake	Residential, Hotel & Retail	147,631	262,065	262,065
Xiamen						
R&F Cambridge Court	100%	Jimei District	Residential	12,254	39,087	39,087
Zhangzhou						
R&F Phoenix Valley	100%	Mayangxi, Changtai County	Residential	179,666	164,485	164,485
Putian						
R&F Shangyue Court	100%	Yingbin Avenue, Licheng District	Residential, Apartment & Retail	132,000	249,011	249,011
R&F Cambridge Court	100%	Linan County	Residential	66,348	200,523	200,523
Sanming						
R&F Edinburgh	100%	Melie District	Residential	42,089	157,100	157,100
Longyan						
R&F Jianfa Shangyue Court	30%	Longteng Road, Xinluo District	Residential	28,495	143,857	43,157
Jianfa R&F Xiyuan	40%	Longyan Road, Dongxiao County	Residential	95,925	133,613	53,445
Nanping						
R&F Sovereign Jiangwan	100%	West of Hubin Road, Fuzhou New District	Residential	54,498	162,302	162,302
Nanchang						
R&F Golden Jubilee City	100%	Xianghu New Town	Residential	81,374	199,823	199,823
R&F Silverage City	100%	Huiren Road, Xianghu New Town	Residential	53,860	172,093	172,093
R&F Prosperous Palace	100%	Chunhui Road, Honggutan District	Residential & Retail	36,351	177,058	177,058

Development Property for Sale	The Group's Interest (%)	Location	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
Jiujiang						
R&F Shangyue Court	100%	Binjiang East Road	Residential	54,000	146,592	146,592
R&F Wenlan Residence	67%	Xunyang District	Residential	40,061	156,239	104,211
R&F Xunyang Mansion	60%	Xunyang District	Residential	48,135	177,779	106,667
Fuzhou						
R&F Shangyue Court	100%	Huancheng North Road, Nanfeng County	Residential	50,103	154,458	154,458
Shangrao						
R&F Xixi Residence	100%	North of Fudong Road, Xiaxi Street	Residential	67,017	177,597	177,597
R&F Cambridge Court	100%	Yushan County	Residential	37,487	117,626	117,626
Ganzhou						
R&F Modern City	100%	Rongjiang New District	Residential, Apartment & Office	363,534	794,205	794,205
Nanning						
Fuya Business Park	50%	Wuxiang New District	Residential	78,721	502,658	251,329
Chongqing						
R&F City	100%	Shapingba District	Residential & Retail	1,981,995	3,513,070	3,513,070
R&F Nanshan Masion	100%	No. 99 Nanshan Road, Nanan Distict	Residential & Retail	79,583	30,978	30,978
R&F Bay Shore	100%	Yubei District	Residential & Retail	173,630	324,911	324,911
R&F Bailuwan	100%	Lvdao New Town, Bishan District	Residential	267,082	368,742	368,742
Jiangjin Luoheng Project	100%	Luoheng Industrial Parks, Jiangjin District	Residential	69,633	142,181	142,181
Leshan						
R&F Shangyue Court	100%	Tongjiang District	Residential	57,294	181,873	181,873
Ziyang						
R&F Tianxi Garden	100%	Tuodong New District, Yanjiang District	Residential	40,743	133,480	133,480
Meishan						
R&F Cambridge Court	100%	Funiu Avenue, Mindong New District	Residential	176,841	282,585	282,585
Guiyang						
R&F Center	60%	Chengxin Road	Office & Apartment	99,272	102,543	61,526
R&F Shangyue Court	100%	South of Chongsha Road, Nanming District	Residential	76,178	494,728	494,728
R&F Xintiandi	100%	Guanshanhu District	Apartment & Retail	64,379	437,623	437,623
R&F Prosperous Palace	100%	Zhongba Road, Yunyan District	Residential	8,304	64,189	64,189

Development Property for Sale	The Group's Interest (%)	Location	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
Kaili						
R&F Dongnan Residence	80%	South of Cotton Spinning Mill	Residential & Apartment	333,696	209,000	167,200
Kunming						
R&F Bay Shore	100%	Sanying District, Tangchi Street	Residential	154,494	130,921	130,921
Shanghai						
R&F Jiayuwan	50%	New Jiangwan Town, Yangpu District	Residential, Retail, Office & Hotel	142,664	100,948	50,474
R&F Hongqiao No. 10 (Land No. 8)	100%	Hongqiao Commercial Core District	Retail & Office	46,095	213,123	213,123
Fengxian District Nanqiao New Town Project	100%	North of Fengpu Road, Fengxian District	Retail & Office	51,879	193,257	193,257
Nanjing						
R&F City	100%	Qilin Science & Technology Parks, Jiangning District	Residential, Office & Hotel	571,864	150,761	150,761
Chuzhou						
R&F Wuyi Water Town	100%	Nanqiao New Town	Residential & Retail	385,387	501,729	501,729
Fuyang						
R&F City	100%	Chengbei New District, Yinshang County	Residential	77,107	299,460	299,460
Yingdong District Project	50%	West of Woyang South Road, Yingdong District	Residential	267,608	629,314	314,657
Huaibei						
R&F Xiangcheng Residence	100%	Longshan Road, Xiangshan District	Residential	94,562	198,176	198,176
Suzhou						
Yongqiao District Project	51%	East of Fuxiao Avenue, Yongqiao District	Residential	86,461	190,214	97,009
Hangzhou						
R&F Hubin Residence	100%	South of Sunshine Road, Chunan County	Residential	66,824	199,807	199,807
R&F Center	100%	Future Science City CBD	Residential, Retail & Hotel	107,516	777,378	777,378
Huzhou						
Huzhou R&F No. 1	100%	Hudong Road	Residential	111,384	149,147	149,147
Wuxing District R&F City Yuxi Lake	100%	Xihuyang, Wuxing District	Residential	102,295	245,530	245,530
R&F Greenland Xihuyang Project	50%	Xihuyang, Wuxing District	Residential, Retail & Hotel	90,177	204,786	102,393
Jiande						
R&F Yujiang Hills	100%	Genghua Community, Genglou Street	Residential	70,000	197,396	197,396

Development Property for Sale	The Group's Interest (%)	Location	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
Ningbo						
R&F Cambridge Court	100%	Fenghua Road	Residential, Apartment & Office	101,163	218,982	218,982
R&F Yuhu Peninsula	100%	Tongxin Road, Zhenhai New City	Residential	65,054	156,075	156,075
R&F Yuguanshan	100%	Cicheng New District, Satellite City, Jiangbei	Residential	118,853	302,596	302,596
Taizhou						
Sanmen County Project	100%	Chengxi District, Sanmen County	Residential	67,846	135,629	135,629
Suzhou						
Taihu New City Project	50%	Taihu New City, Wuzhong District	Residential, Office, Apartment & Retail	85,284	340,573	170,286
Wuxi						
R&F No. 10	100%	Taihu New Town	Residential & Retail	111,261	50,155	50,155
R&F City	100%	Wuxi New District	Residential & Retail	235,669	156,035	156,035
R&F Yunhe No. 10	100%	Nanhu Avenue, Liangxi District	Residential, Retail & Hotel	123,392	427,525	427,525
Nantong						
R&F Cambridge Court	100%	South of Tonglv River	Residential & Retail	190,621	475,850	475,850
R&F Peninsula Garden	100%	Yinyanghe Village, Zhangzhishan County	Residential	43,507	97,305	97,305
R&F Hailing Residence	100%	Haian County	Residential	116,755	327,075	327,075
Deqing Residence	33%	East of Shangde Road, Tongzhou District	Residential	68,681	113,731	37,873
Zhenjiang						
R&F Yangtse River Residence	100%	South of Changjiang Road	Residential	35,069	143,211	143,211
Wenzhou						
R&F City	100%	Binjiang Garden, Longwan District	Residential & Retail	132,312	410,694	410,694
Yueqing						
R&F Central Park	100%	South of Chenxi Road, Central District	Residential	66,667	355,844	355,844
Beijing and vicinity						
Tongzhou R&F Center	100%	Core Area, Tongzhou District	Office & Apartment	69,796	412,879	412,879
R&F New Town	100%	East of Daxiang High-way, Xianghe County, Langfang	Residential	932,994	278,957	278,957
Shunyi District Gaoliying Project	50%	Gaosi Road, Gaoliying, Shunyi District	Retail	170,200	255,301	127,651
CCCc R&F Yajun	50%	Yanqing New Town, Yanqing District	Residential	99,493	345,774	172,887

Development Property for Sale	The Group's Interest (%)	Location	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
Yanqing District Convention Centre Project	50%	Yanqing New City, Yanqing District	Residential & Hotel	59,488	126,263	63,005
Tangshan						
R&F Shengyue Court	100%	Fenghuang New City, Lubei District	Residential, Office & Retail	80,640	184,280	184,280
R&F No. 10	100%	Jianshe Road, Lubei District	Residential & Retail	22,157	97,863	97,863
Caofeidian R&F City	100%	Caofeidian New City	Residential	285,745	612,866	612,866
Lutai R&F City	100%	Lutai Economic Development Zone	Residential	279,085	451,512	451,512
Nanhu CBD Project	50%	Lunan District	Residential, Apartment & Retail	222,593	364,316	182,158
Shijiangzhuang						
R&F Xibo Water Town	100%	Changyuling, Pingshan County	Residential	433,908	326,834	326,834
R&F City	100%	High-tech Industrial Development Zone	Residential	94,092	307,517	307,517
R&F Plaza	100%	Jianshe South Road, Qiaoxi District	Office & Retail	9,805	195,414	195,414
Qinhuangdao						
R&F Heyuan	100%	West of Beidai River 3rd Road	Residential	154,416	209,060	209,060
Beidaihe Songshi Project	100%	Beidaihe District	Residential	166,855	66,742	66,742
Handan						
R&F Cambridge Court	100%	Ci County	Residential	105,123	241,946	241,946
Xingtai						
R&F City	100%	Intersection of Xingzhou Avenue and Binjiang Road	Residential	134,403	325,197	325,197
Hengshui						
Hengshui No. 2 Middle School Land Project	46%	Taocheng District	Residential	29,813	74,532	34,285
Tianjin						
R&F Jinmen Lake	100%	West of Youyi Nan Road, Hexi District	Residential	930,932	67,745	67,745
R&F Guangdong Building	100%	South of Tuochang Road, West of Binhe Xi Road, Tanggu District	Office & Retail	23,070	291,366	291,366
Jinnan New Town Project	25%	Xianshui Gu Town, Jinnan District	Residential, Retail, Office & Hotel	1,289,227	2,042,426	510,606
R&F New Town	100%	Tuanbo Town, Jingan County	Residential & Retail	1,781,702	2,518,067	2,518,067
R&F Edinburgh	100%	Liulin Waihuan South Road	Residential & Retail	46,666	40,409	40,409
R&F Haixi Residence	21%	Tuanbo New City West District	Residential	35,827	42,993	9,028

Development Property for Sale	The Group's Interest (%)	Location	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
R&F Liuhemingzhu	18%	Tuanbo New City West District	Residential	36,267	43,520	7,616
Jinbao Project	33%	Baodi District	Residential	62,970	94,455	31,170
Yantai						
R&F Bay Shore	100%	South of Baiyin River	Residential	100,000	179,626	179,626
Dongying						
R&F Shengyue Court	100%	East of Dongsi Road, Dongying District	Residential	74,685	86,286	86,286
Dongliulu Project	100%	Dongliulu, Dongying District	Residential	91,155	135,530	135,530
Heze						
R&F City	100%	South of Minjiang Road	Residential	191,062	607,966	607,966
Zouping						
R&F City	100%	West of Liquan Seven Road	Residential	93,524	271,417	271,417
Qingdao						
Headquarters Base Project	70%	South of Airport Road, Chengyang District	Retail, Office & Hotel	143,739	192,398	134,679
Zibo						
R&F Wanda Plaza	100%	North of Zhongrun Avenue	Residential & Retail	135,038	396,846	396,846
Xi'an						
R&F Global Merchandise City	80%	Xixian New District	Office & Hotel	94,490	267,921	214,337
Baoji						
R&F Bay Shore	100%	Gaoxin Avenue	Residential	46,064	204,684	204,684
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	440,354	440,354
R&F Hills	100%	Jinyuan District	Residential & Retail	281,806	339,000	339,000
R&F Shangyue Court	100%	South of Nancheng Street	Residential	73,239	41,421	41,421
R&F City Garden No. 8	100%	Xinghualing District	Residential & Retail	188,744	493,614	493,614
R&F Tianxi City	100%	Jiancaoping District	Residential & Retail	407,436	1,778,647	1,778,647
R&F Bay Shore	100%	Xizhai Village, Jinyuan District	Residential	89,628	400,312	400,312
R&F Golden Jubilee City	100%	Longbao County, Xiaodian District	Residential	197,927	681,034	681,034
Datong						
R&F City	100%	South of Yunzhou Street	Residential & Retail	708,112	1,507,066	1,507,066

Development Property for Sale	The Group's Interest (%)	Location	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
Linfen						
R&F Bay Shore	100%	East of Binhenaner Street	Residential	98,069	309,879	309,879
Weinan						
R&F City	100%	Guangchang West Road, Gaoxin District	Residential	257,361	868,850	868,850
Harbin						
R&F Jiangwan New Town	100%	Youyi West Road, Daoli District	Residential, Retail & Hotel	120,574	227,715	227,715
R&F City	100%	Songbei District	Residential & Retail	399,198	663,809	663,809
Shenyang						
R&F Royal Villa	100%	Huangshan Village, Taoxian County, Dongling District	Residential	373,406	28,032	28,032
R&F Shangyue Court	100%	Oubo City, Dadong District	Residential & Retail	96,553	67,438	67,438
R&F International Finance Center	100%	No. 7 Youhao Road, Shenhe District	Residential, Office & Retail	29,250	372,319	372,319
R&F Xingyuewan	100%	Shenbei New District	Residential	373,092	283,513	283,513
R&F Cambridge Court	100%	West of Shangbo Outlets, Shenbei New District	Residential	193,788	428,867	428,867
Anshan						
R&F Kaixuanmen	100%	Garden Street, Tiedong District	Residential	37,766	157,660	157,660
R&F City	100%	West of Wanfang Road, Tiedong District	Residential	509,692	1,150,903	1,150,903
Tieling						
New Town Center Project	100%	Administrative Core Area, New District	Retail	255,524	456,798	456,798
R&F Four Seasons Peninsula	100%	South of Lianhuahu	Residential	884,185	920,105	920,105
Dalian						
Xiaoyaowan Project	100%	Xiaoyaowan, Jinzhou District	Residential & Retail	389,308	812,711	812,711
Baotou						
R&F City	100%	Xindushi District	Residential, Office, Apartment & Retail	426,911	746,190	746,190
R&F Prosperous Palace	100%	Northern District, Kundulun District	Residential	84,496	120,365	120,365
R&F Cambridge Court	100%	Beiliangyilu, Hedong District	Residential	288,669	681,457	681,457
Huhhot						
R&F City	100%	South of Xiaoheihe, Saihan District	Residential	72,274	269,400	269,400
R&F Prosperous Palace	100%	Huimin District	Residential	138,224	435,598	435,598

Development Property for Sale	The Group's Interest (%)	Location	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
Tongliao						
R&F Shangyue Court	100%	New District, Tongliao	Residential	71,064	229,041	229,041
R&F City	100%	High-tech Development Zone	Residential	593,387	1,199,400	1,199,400
Ulanqab						
Jining R&F Bay Shore	100%	Jining District	Residential	163,744	294,739	294,739
Urumqi						
R&F City	100%	Shuimohe, Huizhan District	Residential	440,895	1,354,701	1,354,701
Zhengzhou						
Wulong New Town	45%	Wulongkou South Road, Zhongyuan District	Residential	163,854	587,848	264,532
R&F Jianye Shangyue Court	45%	Zhongzhou Avenue, Jinshui District	Residential & Retail	94,710	261,943	117,874
Puyang						
R&F Shangyue Court	100%	Northern District, Puyang County	Residential	132,797	390,541	390,541
Kaifeng						
Bian West Lake Project	100%	Bian West Lake, Bian West New District	Residential	101,385	258,662	258,662
Malaysia						
Johor Bahru						
R&F Princess Cove	100%	Johor Bahru	Residential, Office & Retail	400,000	3,464,948	3,464,948
Australia						
Melbourne						
R&F Kinnears Live City	100%	124-188 Ballarat Street	Residential & Retail	33,288	172,709	172,709
Boxhill Project	100%	Boxhill	Residential	1,457	28,345	28,345
Brisbane						
R&F No. 1	100%	1 Cordelia Street	Residential & Retail	4,583	92,179	92,179
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	100%	North of Central Springfield	Residential	467,304	1,164,520	1,164,520
R&F Maison	100%	Rochedale District	Residential	91,530	23,800	23,800
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	239,609	119,805
London One Project	100%	Nine Elms New District	Residential, Retail, Office & Hotel	8,400	142,674	142,674

Development Property for Sale	The Group's Interest (%)	Location	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
Cambodia						
Phnom Penh						
R&F Prosperous Residence	100%	Chamkarmorn District	Residential	15,192	207,919	207,919
R&F City	100%	Chamkarmorn District	Residential	77,243	547,588	547,588
Korea						
Incheon						
Yongzong Island Project Phase 2 (Residential Portion)	100%	Yongzong Island	Residential	50,807	203,225	203,225

Investment properties under operation	Location	Description	Approximate total GFA (sq.m.)	Approximate GFA held by the Group (sq.m.)
Guangzhou				
R&F Center	Pearl River New Town J1-4	Office building	164,200	164,200
R&F Haizhu City	R&F Tianyu Center	Shopping mall	54,900	54,900
Guangzhou International Airport R&F Integrated Logistics Park	Guangzhou R&F Jingang City	Logistics park	581,800	581,800
International Grand City #	Pearl River New Town Liede Village	Shopping mall	89,300	29,800
Shiling (International) Leather and Leather Products Center #	Shiling Avenue, Shiling Town, Huadu District, Guangzhou	Industry park	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	19,400	19,400
R&F Modern Plaza – Jiaxin Commercial Center	Gexin Road, Haizhu District	Retail	34,500	34,500
Beijing				
R&F Center	Beijing R&F City	Office building	48,800	48,800
Viva Beijing R&F Plaza	Beijing R&F City	Shopping mall	98,800	98,800
Tianjin				
R&F Plaza	Tianjin R&F City	Shopping mall	42,000	42,000
Chongqing				
R&F Ocean Plaza (Retail)	R&F Ocean Plaza	Shopping mall	69,400	69,400
Chengdu				
R&F Plaza (Former R&F Tianhui Mall)	Panda City	Shopping mall	249,300	249,300

Investment properties under operation	Location	Description	Approximate total GFA (sq.m.)	Approximate GFA held by the Group (sq.m.)
Dalian				
Dalian Wanda Commercial Center	No. 1 Gangpu Road, Zhongshan District, Dalian, Liaoning Province	Office building	93,100	93,100
Others			251,300	251,300
Total investment projects under operation			**1,959,800**	**1,878,900**

Joint Venture Project

Hotel under operation	Location	No. of Room	Approximate total GFA (sq.m.)
China			
Guangzhou			
The Ritz-Carlton, Guangzhou	Pearl River New Town J2-7	351 rooms and 91 serviced apartments	95,400
Grand Hyatt Guangzhou	Pearl River New Town F1-2	368	70,800
Holiday Inn Guangzhou Airport Zone	R&F Jingang City	339	37,800
Park Hyatt Guangzhou	Pearl River New Town J1-1	208	29,700
Conrad Guangzhou*	Pearl River New Town Liede Village	309	53,400
Wanda Realm Guangzhou	Licheng Zengcheng Avenue, Zengcheng District	279	36,200
Beijing			
Renaissance Beijing Capital Hotel	Beijing R&F City	522	64,900
Holiday Inn Express Temple of Heaven Beijing	R&F Xinran Court/Plaza	320	16,000
Wanda Realm Beijing	Shijingshan Road, Shijingshan District	312	43,500
Tianjin			
Wanda Vista Tianjin	Dazhigu Bahao Road, Hedong District	297	48,300
Huizhou			
Renaissance Huizhou Hotel	R&F Ligang Center	342	60,200
Hilton Huizhou Longmen Resort	R&F Hot Spring Valley	366	56,400
InterContinental Huizhou Resort Hotel	Huizhou R&F Huilin Hot Spring Village	220	66,900
R&F LN Garden Hot Spring Resort	Huizhou R&F Bay Shore	32	13,800
Chongqing			
Hyatt Regency Chongqing	Jiangbei District	321	53,600
Holiday Inn Chongqing University Town	Chongqing R&F City	360	49,300
Le Meridien Chongqing	Jiangnan Avenue, Nan'an District	317	42,900
Doubletree by Hilton Chongqing Wanzhou	Beibin Avenue 2nd Section, Wanzhou District	253	37,400

Hotel under operation	Location	No. of Room	Approximate total GFA (sq.m.)
Chengdu			
The Ritz-Carlton, Chengdu	Panda City	353	45,600
Tianfu Square Serviced Suites by Lanson Place	Yanshikou, Chengdu	162 serviced apartments	24,200
Hainan			
Doubletree Resort by Hilton Hainan – Chengmai	R&F Mangrove Bay	305	44,500
Xiangshui Bay Marriott Resort & Spa	R&F Bay Shore	448	66,400
Xi'an			
Hilton Xi'an	Dongxin Street, Xincheng District	311	43,400
Harbin			
Wanda Realm Harbin	Zhongxing Avenue, Nangang District	345	47,900
Taiyuan			
Pullman Taiyuan	Taiyuan R&F City	279	43,500
Wanda Vista Taiyuan	Jiefang Road	359	52,400
Nanning			
Wanda Realm Resort Nanning	Liangdi Road, Yongning District	224	45,200
Wanda Vista Nanning	Dongge Road	332	49,300
Shangrao			
Wanda Realm Shangrao	Guangxin Avenue, Xinzhou District	280	35,800
Yiwu			
Wanda Realm Yiwu	Xinke Road	288	37,900
Urumqi			
Wanda Vista Urumqi	Xuanwuhu Road, Economic and Technological Development District	291	47,500
Bozhou			
Wanda Realm Bozhou	Xiyi Avenue, Qiaocheng District	244	32,300
Xining			
Wanda Realm Xining	Xichuan South Road, Chengxi District	310	42,600
Siping			
Wanda Realm Siping	Ziqi Avenue, Tiedong District	246	31,700
Zhengzhou			
Wanda Vista Zhengzhou	Nongke Road, Jinshui District	292	47,600

Hotel under operation

	Location	No. of Room	Approximate total GFA (sq.m.)
Huhhot			
Wanda Vista Hohhot	Xinhua East Street, Saihan District	315	42,900
Liuzhou			
Wanda Realm Liuzhou	Donghuan Avenue, Chengzhong District	285	37,600
Fuyang			
Wanda Realm Fuyang	Yingzhou South Road, Yingzhou District	286	36,400
Tai'an			
Wanda Realm Tai'an	Taishan Street	285	41,600
Dongying			
Wanda Realm Dongying	Beiyi Road, Dongying District	285	37,900
Anyang			
Wanda Realm Anyang	Zhonghua Road, Wenfeng District	289	33,800
Huangshi			
Wanda Realm Huangshi	Huahu Avenue, Huangshigang District	263	32,500
Neijiang			
Wanda Realm Neijiang	Qixia Road, Dongxing District	262	32,700
Guangyuan			
Wanda Realm Guangyuan	Wanyuan Road, Wanyuan New District, Lizhou District	286	34,300
Bengbu			
Wanda Realm Bengbu	Donghai Avenue, Bengshan District	286	34,400
Wuhu			
Wanda Realm Wuhu	Beijing Middle Road, Jinghu District	281	36,800
Jiangmen			
Wanda Realm Jiangmen	Fazhan Avenue, Pengjiang District	360	41,400
Longyan			
Wanda Realm Longyan	Shuanglong Road, Xinluo District	306	34,900
Kunming			
Wanda Vista Kunming	Qianxing Road, Xishan District	302	44,700
Lanzhou			
Wanda Vista Lanzhou	Tianshui North Road, Chengguan District	307	41,700

Hotel under operation	Location	No. of Room	Approximate total GFA (sq.m.)
Jingzhou			
Wanda Realm Jingzhou	Beijing West Road, Jingzhou District	283	37,000
Ma'anshan			
Wanda Realm Ma'anshan	Taibai Avenue, Yushan District	286	36,100
Dongguan			
Wanda Vista Dongguan	Dongzong Avenue, Dongcheng District	306	44,100
Changzhou			
Wanda Realm Changzhou	Huayuan Street, Wujin District	250	34,200
Sheraton Changzhou Xinbei Hotel	Tongjiang Middle Road, Xinbei District	250	37,800
Jinhua			
Wanda Realm Jinhua	Dongshi South Road, Jindong District	330	42,800
Jining			
Wanda Realm Jining	Taibai East Road	279	36,500
Chifeng			
Wanda Realm Chifeng	Xilamulun Street, Hongshan District	350	47,400
Ningbo			
Sofitel Ningbo	Siming Middle Road, Yinzhou District	291	40,700
Qingdao			
Le Meridien Qingdao	Yanji Road, Shibei District	349	51,100
Wuxi			
Sheraton Wuxi Binhu Hotel	Liangxi Road, Binhu District	350	46,700
Xiangyang			
Crowne Plaza Xiangyang	Changhong North Road	303	43,000
Yichang			
Crowne Plaza Yichang	Yanjiang Avenue, Wujiagang District	283	39,100
Fuzhou			
The Westin Fuzhou Minjiang	Jiangbin Middle Avenue, Taijiang District	310	49,300
Hefei			
Westin Hefei Baohe	Ma'anshan Road, Baohe District	310	48,400

Hotel under operation

	Location	No. of Room	Approximate total GFA (sq.m.)
Wuhan			
The Westin Wuhan Wuchang	Linjiang Avenue, Wuchang District	305	50,400
Wanda Realm Wuhan	Donghu Road, Wuchang District	408	47,200
Zhenjiang			
Sheraton Zhenjiang Hotel	Beifu Road, Runzhou District	289	43,300
Shijiazhuang			
InterContinental Shijiazhuang	Huai'an East Road, Yuhua District	293	43,800
Jinan			
Hyatt Regency Jinan	Jingsi Road, Shizhong District	344	52,700
Langfang			
Wanda Realm Langfang	Xinhua Road, Guangyang District	295	41,900
Daqing			
Sheraton Daqing Hotel	Dongfeng New Village, Sartu District	290	43,000
Taizhou			
Wanda Realm Taizhou	Jichuan East Road, Hailing District	253	38,700
Tangshan			
InterContinental Dalian	Wenhua Road, Lunnan District	287	47,500
Dalian			
Conrad Dalian	Gangpu Road, Zhongshan District	210	57,300
Hilton Dalian	Gangpu Road, Zhongshan District	370	40,100
Ningde			
Wanda Realm Ningde	Tianhu East Road, Jiaocheng District	291	40,800
Quanzhou			
Wanda Vista Quanzhou	Baozhou Road, Fengze District	322	47,800
Changsha			
Wanda Vista Changsha	Xiangjiang Middle Road, Kaifu District	425	65,800
Huai'an			
Wanda Realm Huai'an	Xiangyu Middle Road, Qinghe District	230	44,600
Yixing			
Le Meridien Yixing	Yangxian East Road	280	42,100

Hotel under operation	Location	No. of Room	Approximate total GFA (sq.m.)
Shenyang			
Wanda Vista Shenyang	Yingpan West Street, Dongling District	300	51,700
Fushun			
Wanda Realm Fushun	Hunhe South Road, Xinfu District	280	39,500
Nanchang			
Wanda Realm Nanchang	Fenghuang Middle Avenue, Honggutan New District	300	41,500
Yinchuan			
Wanda Realm Yinchuan	Qinshui North Street, Jinfeng District	305	46,300
Dandong			
Wanda Realm Dandong	Jinshan Street, Zhenxing District	302	48,500
Nanjing			
Wanda Realm Nanjing	Zhushan Road, Jiangning District	303	43,100
Weifang			
Pullman Weifang	Fushou East Street	271	36,800
Qiqihar			
Wanda Realm Qiqihar	Xinjiang Road, Jianhua District	308	37,100
Total 89 hotels under operation		**26,865**	**3,903,600**

* *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	Zheng Ercheng Ng Yau Wah Daniel Wong Chun Bong
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	24 August 2018
Interim dividend paid	26 October 2018
Final results announcement	20 March 2019
Closure of register of members (for the entitlement of attending the annual general meeting)	30 April to 30 May 2019 (both days inclusive)
Annual general meeting	30 May 2019
Closure of register of members (for the entitlement of dividend)	5 June to 12 June 2019 (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

Year	Stock Price* High HK$	Stock Price* 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
2018	23.85	11.22

* 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