绿城房产
GREENTOWN

GREENTOWN CHINA HOLDINGS LIMITED
綠 城 中 國 控 股 有 限 公 司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 03900)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

FINANCIAL HIGHLIGHTS

- Total contracted sales achieved RMB146.3 billion, representing an increase of 28.4% compared with last year;
- 37 parcels of land were added during the Year, with a total GFA of approximately 8.59 million sqm, representing a year-on-year increase of 276%. The number of newly added projects in 2017 far exceeded the total number of the projects newly acquired in 2014-2016;
- Revenue amounted to RMB41.95 billion, representing an increase of 44.8% compared with last year; Profit before taxation amounted to RMB6.39 billion, representing an increase of 70.5% compared with last year;
- As at 31 December 2017, bank balances and cash and pledged bank deposits totaled RMB35.98 billion (as at 31 December 2016: RMB24.97 billion); and net gearing ratio was 46.4%, representing a significant improvement from 58.1% of last year;
- The weighted average interest cost for the Year was 5.4% per annum, representing a reduction from 5.9% per annum of last year;
- Basic earnings per share was RMB0.77, representing an increase of 10.0% compared with last year;
- The Board has recommended payment of a final dividend of RMB0.20 per share for the year ended 31 December 2017 (2016: RMB0.12 per share).

The board of directors (the "Board") of Greentown China Holdings Limited (the "Company" or "Greentown") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2017 (the "Year") prepared in accordance with the International Financial Reporting Standards, together with comparative audited figures for the year ended 31 December 2016. The following financial information is extracted from the audited consolidated financial statements in the Group's 2017 annual report which is to be published by the Group.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	NOTES	**2017** *RMB'000*	2016 *RMB'000*
Revenue	*3*	**41,952,752**	28,975,603
Cost of sales		**(33,877,152)**	(22,953,628)
Gross profit		**8,075,600**	6,021,975
Other income	*4*	**1,223,089**	977,400
Other gains and losses		**121,698**	574,819
Selling expenses		**(1,616,716)**	(1,347,245)
Administrative expenses		**(2,859,701)**	(2,860,501)
Finance costs	*5*	**(1,476,671)**	(1,037,480)
Reversal of impairment losses on property, plant and equipment		**19,680**	37,649
Impairment losses on completed properties for sale		**(352,348)**	(68,593)
Impairment losses on trade and other receivables		**(216,226)**	(25,783)
Impairment losses on amounts due from an associate and a joint venture		**(431,099)**	(81,787)
Gain from changes in fair value of investment properties		**253,400**	50,000
Fair value changes on cross currency swaps		**–**	55,547
Fair value changes on senior notes' early redemption options		**(156,700)**	(101,294)
Gain on re-measurement of associates and a joint venture to acquisition date fair value in business combination achieved in stages		**1,623,535**	51,689
Gain on acquisition of subsidiaries		**13,806**	2,325
Net gain on disposal of subsidiaries		**1,619,765**	74,461
Share of results of associates		**557,962**	1,255,767
Share of results of joint ventures		**(8,306)**	169,280
Profit before taxation		**6,390,768**	3,748,229
Taxation	*6*	**(3,719,803)**	(1,525,686)
Profit for the year		**2,670,965**	2,222,543

	NOTE	2017 RMB'000	2016 RMB'000
Other comprehensive income item that may be reclassified subsequently to profit or loss			
Fair value gain on available-for-sale investment		**383,776**	86,498
Other comprehensive income for the year, net of income tax		**383,776**	86,498
Total comprehensive income for the year		**3,054,741**	2,309,041
Profit for the year attributable to:			
Owners of the Company		**2,189,598**	1,917,096
Non-controlling interests		**481,367**	305,447
		2,670,965	2,222,543
Total comprehensive income attributable to:			
Owners of the Company		**2,573,374**	2,003,594
Non-controlling interests		**481,367**	305,447
		3,054,741	2,309,041
Earnings per share	*8*		
Basic		**RMB0.77**	RMB0.70
Diluted		**RMB0.77**	RMB0.70

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	NOTE	**2017** **RMB'000**	2016 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**7,713,259**	6,546,635
Investment properties		**2,716,396**	1,981,500
Goodwill		**769,241**	769,241
Interests in associates		**7,777,384**	7,105,857
Interests in joint ventures		**1,897,467**	3,058,370
Available-for-sale investments		**983,830**	516,801
Prepaid lease payment		**738,163**	662,981
Rental paid in advance		**12,149**	8,626
Deferred tax assets		**1,586,225**	1,304,716
Senior notes' early redemption options		**–**	156,700
		24,194,114	22,111,427
CURRENT ASSETS			
Properties for development		**25,467,537**	14,289,403
Properties under development		**83,149,261**	61,485,671
Completed properties for sale		**20,650,760**	12,246,484
Inventories		**406,754**	92,844
Trade and other receivables, deposits and prepayments	*9*	**9,028,797**	6,303,874
Amounts due from related parties		**28,346,684**	23,891,988
Prepaid income taxes		**4,266,197**	2,634,579
Prepaid other taxes		**3,001,285**	1,768,699
Pledged bank deposits		**5,907,338**	2,292,743
Bank balances and cash		**30,070,092**	22,677,917
		210,294,705	147,684,202
Assets classified as held for sale		**1,339,427**	–
		211,634,132	147,684,202

	NOTE	2017 RMB'000	2016 RMB'000
CURRENT LIABILITIES			
Trade and other payables	*10*	**21,255,077**	17,290,445
Pre-sale deposits		**65,900,213**	38,422,675
Amounts due to related parties		**29,895,503**	17,072,087
Income taxes payable		**7,067,640**	4,663,588
Other taxes payable		**656,693**	441,433
Bank and other borrowings		**12,732,906**	10,037,318
Corporate debt instruments		**4,951,618**	–
		142,459,650	87,927,546
Liabilities associated with assets classified as held for sale		**1,128,538**	–
		143,588,188	87,927,546
NET CURRENT ASSETS		**68,045,944**	59,756,656
TOTAL ASSETS LESS CURRENT LIABILITIES		**92,240,058**	81,868,083
NON-CURRENT LIABILITIES			
Bank and other borrowings		**24,449,759**	25,983,995
Senior notes		**3,149,003**	4,896,445
Corporate debt instruments		**10,831,086**	6,916,290
Receipts under securitisation arrangements		**1,591,891**	–
Deferred tax liabilities		**5,423,880**	4,744,710
		45,445,619	42,541,440
		46,794,439	39,326,643
CAPITAL AND RESERVES			
Share capital		**209,240**	209,034
Reserves		**26,269,450**	24,481,284
Equity attributable to owners of the Company		**26,478,690**	24,690,318
Perpetual securities		**8,603,949**	5,598,919
Non-controlling interests		**11,711,800**	9,037,406
		46,794,439	39,326,643

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1. GENERAL

The Company was incorporated in the Cayman Islands on 31 August 2005 as an exempted company with limited liability under the Companies Law (2004 Revision) and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 13 July 2006. The address of the registered office of the Company is disclosed in the section headed "Corporate Information" of the annual report.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

The Company is an investment holding company. The principal activity of its subsidiaries (together with the Company referred to as the "Group") is the development for sale of residential properties in the PRC.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Amendments to IFRSs applied in the current year

In the current year, the Group has applied, for the first time, several amendments to IFRSs issued by the International Accounting Standards Board (the "IASB") that are effective for the Group's financial year beginning on 1 January 2017.

Except as disclosed below, the application of the amendments to IFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

Amendments to IAS 7 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

3. REVENUE AND SEGMENT INFORMATION

An analysis of the Group's revenue from its major products and services is as follows:

	2017	2016
	RMB'000	*RMB'000*
Property sales	**37,936,017**	25,520,532
Hotel operations	**717,153**	652,022
Project management	**931,145**	813,523
Property rental income	**69,709**	139,028
Design and decoration	**2,090,621**	1,660,031
Sales of construction materials	**67,556**	27,239
Other business	**140,551**	163,228
	41,952,752	28,975,603

The chief operating decision-maker of the Group has been identified as the executive directors and certain senior management (collectively referred to as the "CODM"). Operating segments are determined based on the Group's internal reports which are submitted to the CODM for performance assessment and resources allocation. This is also the basis upon which the Group is organised and managed.

The Group's consolidated revenue and results are attributable to the market in the PRC (country of domicile) and almost all of the Group's consolidated assets are located in the PRC.

The Group's reportable segments under IFRS 8 are as follows:

1 Property development
2 Hotel operations
3 Property investment
4 Others (including sales of construction materials, design and decoration, project management, etc.)

For the property development operations, the CODM reviews the financial information of each property development project, hence each property development project constitutes a separate operating segment. However, the property development projects possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all property development projects are aggregated into one reportable segment for segment reporting purposes.

For the hotel operations, the CODM reviews the financial information of each hotel, hence each hotel constitutes a separate operating segment. However, the hotels possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all hotels are aggregated into one reportable segment for segment reporting purposes.

For the property investment operations, the CODM reviews the financial information of each investment property, hence each investment property constitutes a separate operating segment. However, the investment properties possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all investment properties are aggregated into one reportable segment for segment reporting purposes.

The CODM assesses the performance of the operating segments based on the post-tax profit of the group entities engaged in the respective segment activities, which includes share of results of joint ventures and associates and related finance costs, but excludes fair value changes on cross currency swaps and certain administrative expenses, other income, finance costs and taxation. Financial information provided to the CODM is measured in a manner consistent with the accounting policies adopted in the preparation of the consolidated financial statements as described in note 3 in the Group's 2017 annual report.

Sales between segments are carried out on terms agreed between the counterparties.

No customers account for 10% or more of the Group's revenue.

An analysis of the Group's revenue and results by reportable segment is as follows:

	Property development *RMB'000*	**Hotel operations** *RMB'000*	**Property investment** *RMB'000*	**Others** *RMB'000*	**Segment total** *RMB'000*	**Eliminations** *RMB'000*	**Total** *RMB'000*
For the year ended 31 December 2017							
Segment revenue							
External revenue	**37,936,017**	**717,153**	**69,709**	**3,229,873**	**41,952,752**	**–**	**41,952,752**
Inter-segment revenue	**–**	**1,207**	**–**	**620,586**	**621,793**	**(621,793)**	**–**
Total	**37,936,017**	**718,360**	**69,709**	**3,850,459**	**42,574,545**	**(621,793)**	**41,952,752**
Segment results	**2,004,969**	**117,606**	**443,036**	**206,302**	**2,771,913**	**(2,176)**	**2,769,737**
Unallocated administrative expenses							**(90,936)**
Unallocated other income							**48,867**
Unallocated finance costs							**(4,822)**
Unallocated taxation							**(51,881)**
Profit for the year							**2,670,965**

	Property development *RMB'000*	Hotel operations *RMB'000*	Property investment *RMB'000*	Others *RMB'000*	Segment total *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
For the year ended 31 December 2016							
Segment revenue							
External revenue	25,520,532	652,022	139,028	2,664,021	28,975,603	–	28,975,603
Inter-segment revenue	–	802	–	211,731	212,533	(212,533)	–
Total	25,520,532	652,824	139,028	2,875,752	29,188,136	(212,533)	28,975,603
Segment results	1,885,856	95,395	65,783	287,024	2,334,058	(1,846)	2,332,212
Unallocated administrative expenses							(87,700)
Unallocated other income							18,790
Unallocated finance costs							(170)
Fair value changes on cross currency swaps							55,547
Unallocated taxation							(96,136)
Profit for the year							2,222,543

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment:

Segment assets

	2017	2016
	RMB'000	*RMB'000*
Property development	**216,864,883**	155,218,642
Hotel operations	**7,481,372**	6,564,684
Property investment	**3,446,170**	2,011,811
Others	**6,598,609**	4,872,158
Total segment assets	**234,391,034**	168,667,295
Unallocated	**1,437,212**	1,128,334
Consolidated assets	**235,828,246**	169,795,629

Segment liabilities

	2017	2016
	RMB'000	*RMB'000*
Property development	**181,559,336**	124,376,681
Hotel operations	**533,160**	386,069
Property investment	**91,933**	682,160
Others	**5,974,123**	4,419,841
Total segment liabilities	**188,158,552**	129,864,751
Unallocated	**875,255**	604,235
Consolidated liabilities	**189,033,807**	130,468,986

For the purposes of monitoring segment performances and allocating resources among segments:

- all assets are allocated to operating segments other than bank balances and cash, property, plant and equipment, available-for-sale investments, trade and other receivables, deposits and prepayments, prepaid income taxes, prepaid other taxes and amounts due from related parties pertaining to non-operating group entities.

- all liabilities are allocated to operating segments other than trade and other payables, amounts due to related parties, income taxes payable, other taxes payable and deferred tax liabilities pertaining to non-operating group entities.

Other segment information

For the year ended 31 December 2017

	Property development *RMB'000*	Hotel operations *RMB'000*	Property investment *RMB'000*	Others *RMB'000*	Reportable segment total *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Amounts included in the measure of segment profit or loss or segment assets:							
Addition to non-current assets *(Note)*	**896,513**	**225,860**	**171,666**	**369,983**	**1,664,022**	**12,522**	**1,676,544**
Interests in associates	**7,349,227**	**–**	**–**	**428,157**	**7,777,384**	**–**	**7,777,384**
Interests in joint ventures	**1,888,486**	**–**	**–**	**8,981**	**1,897,467**	**–**	**1,897,467**
Reversal of impairment losses on property, plant and equipment	**–**	**(19,680)**	**–**	**–**	**(19,680)**	**–**	**(19,680)**
Impairment losses on completed properties for sale	**352,348**	**–**	**–**	**–**	**352,348**	**–**	**352,348**
Provision (reversal) of impairment losses on trade and other receivables	**200,245**	**–**	**–**	**(4,019)**	**196,226**	**20,000**	**216,226**
Impairment losses on amounts due from an associate and a joint venture	**431,099**	**–**	**–**	**–**	**431,099**	**–**	**431,099**
Gain from changes in fair value of investment properties	**–**	**–**	**(253,400)**	**–**	**(253,400)**	**–**	**(253,400)**
Gain on re-measurement of an associate and a joint venture to acquisition date fair value in business combination achieved in stages	**(1,620,517)**	**–**	**–**	**(3,018)**	**(1,623,535)**	**–**	**(1,623,535)**
Gain on acquisition of subsidiaries	**–**	**–**	**–**	**(13,806)**	**(13,806)**	**–**	**(13,806)**
Net gain on disposal of subsidiaries	**(1,240,939)**	**–**	**(375,805)**	**(3,021)**	**(1,619,765)**	**–**	**(1,619,765)**
Other gains and losses	**(44,098)**	**–**	**–**	**(77,600)**	**(121,698)**	**–**	**(121,698)**
Depreciation of property, plant and equipment	**126,099**	**170,691**	**184**	**22,235**	**319,209**	**1,970**	**321,179**
Loss (gain) on disposal of property, plant and equipment	**6,710**	**–**	**(122)**	**(978)**	**5,610**	**16**	**5,626**
Interest income	**(423,332)**	**(2,053)**	**(17)**	**(12,346)**	**(437,748)**	**(48,867)**	**(486,615)**
Finance costs	**1,442,853**	**686**	**11,977**	**16,333**	**1,471,849**	**4,822**	**1,476,671**
Share of results of associates	**(546,310)**	**–**	**–**	**(11,652)**	**(557,962)**	**–**	**(557,962)**
Share of results of joint ventures	**(355)**	**–**	**–**	**8,661**	**8,306**	**–**	**8,306**
Taxation	**3,320,469**	**5,430**	**224,334**	**117,689**	**3,667,922**	**51,881**	**3,719,803**

For the year ended 31 December 2016

	Property development *RMB'000*	Hotel operations *RMB'000*	Property investment *RMB'000*	Others *RMB'000*	Reportable segment total *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Amounts included in the measure of segment profit or loss or segment assets:							
Addition to non-current assets *(Note)*	342,362	87,509	509	60,210	490,590	2,025	492,615
Interests in associates	7,105,857	–	–	–	7,105,857	–	7,105,857
Interests in joint ventures	3,058,370	–	–	–	3,058,370	–	3,058,370
Reversal of impairment losses on property, plant and equipment	–	(37,649)	–	–	(37,649)	–	(37,649)
Impairment losses on completed properties for sale	68,593	–	–	–	68,593	–	68,593
Impairment losses on trade and other receivables	–	–	–	25,783	25,783	–	25,783
Impairment losses on amounts due from a joint venture	81,787	–	–	–	81,787	–	81,787
Gain from changes in fair value of investment properties	–	–	(50,000)	–	(50,000)	–	(50,000)
Gain on re-measurement of associates to acquisition date fair value in business combination achieved in stages	(51,689)	–	–	–	(51,689)	–	(51,689)
Gain on acquisition of subsidiaries	(2,325)	–	–	–	(2,325)	–	(2,325)
Net gain on disposal of subsidiaries	(74,461)	–	–	–	(74,461)	–	(74,461)
Other gains and losses	(574,819)	–	–	–	(574,819)	–	(574,819)
Depreciation of property, plant and equipment	86,264	191,006	543	9,465	287,278	468	287,746
Loss (gain) on disposal of property, plant and equipment	(12,894)	–	–	(356)	(13,250)	214	(13,036)
Interest income	(734,183)	(77)	(97)	(8,656)	(743,013)	(18,790)	(761,803)
Finance costs	981,673	3,056	42,411	10,170	1,037,310	170	1,037,480
Share of results of associates	(1,255,767)	–	–	–	(1,255,767)	–	(1,255,767)
Share of results of joint ventures	(169,280)	–	–	–	(169,280)	–	(169,280)
Taxation	1,316,598	10,122	12,500	90,330	1,429,550	96,136	1,525,686

Note: Non-current assets mainly included property, plant and equipment, investment properties (excluding gain from changes in fair value of investment properties), prepaid lease payment, interests in joint ventures, interests in associates and rental paid in advance and excluded financial instruments, goodwill and deferred tax assets.

4. OTHER INCOME

	2017	2016
	RMB'000	*RMB'000*
Interest income	**486,615**	761,803
Government grants *(Note)*	**6,704**	23,819
Comprehensive service income	**48,513**	48,198
Dividends from available-for-sale investments	**18,052**	24,000
Net foreign exchange gains	**511,187**	–
Others	**152,018**	119,580
	1,223,089	977,400

Note: These grants are unconditional and accounted for as immediate financial support with neither future related costs expected to be incurred nor related to any assets.

5. FINANCE COSTS

	2017	2016
	RMB'000	*RMB'000*
Interest on bank and other borrowings	**2,630,914**	2,546,965
Interest on senior notes	**366,084**	568,782
Interest on corporate debt instruments	**680,681**	352,148
Interest on receipts under securitisation arrangements	**40,074**	–
	3,717,753	3,467,895
Less: capitalised in properties under development and construction in progress	**(2,241,082)**	(2,430,415)
	1,476,671	1,037,480

Borrowing costs capitalised during the year arose on the specific loan and general borrowing pool and are calculated by applying a capitalisation rate of 5.4% (2016: 5.9%) per annum to expenditure on the development of properties for sale and for own use.

6. TAXATION

	2017	2016
	RMB'000	*RMB'000*
Current tax:		
PRC enterprise income tax	**2,770,357**	1,086,509
LAT	**2,149,611**	430,531
	4,919,968	1,517,040
Under-provision in prior years:		
PRC enterprise income tax	**28,426**	788
Deferred tax:		
Current year *(Note)*	**(1,228,591)**	7,858
	3,719,803	1,525,686

Note: The deferred tax current year is mainly due to the fair value adjustment which arises from the acquisition of subsidiaries.

No provision for income tax has been made for the Company and group entities incorporated in Hong Kong as they have no assessable profits derived from Hong Kong.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

In addition, the EIT Law provides that qualified dividend income between two "resident enterprises" that have a direct investment relationship is exempted from income tax. Otherwise, such dividends will be subject to a 5% or 10% withholding tax under the EIT Law. A 10% withholding tax rate is applicable to the Group.

The tax charge for the year can be reconciled to the profit per the consolidated statement of profit or loss and other comprehensive income as follows:

	2017	2016
	RMB'000	*RMB'000*
Profit before taxation	**6,390,768**	3,748,229
Tax at the applicable PRC enterprise income tax rate of 25%	**1,597,692**	937,057
Effect of different tax rates	**(162,364)**	(43,448)
Tax effect of share of results of associates	**(139,490)**	(313,942)
Tax effect of share of results of joint ventures	**2,077**	(42,320)
Tax effect of income not taxable for tax purposes	**(430,136)**	(46,576)
Tax effect of expenses not deductible for tax purposes	**772,116**	495,718
Under-provision in respect of prior year	**28,426**	788
Tax effect of deductible temporary differences not recognized	**62,903**	1,503
Tax effect of tax losses not recognised	**366,646**	178,358
Recognition of deferred tax assets on tax losses previously not recognised	**–**	(2,326)
Utilisation of tax losses previously not recognised	**(73,830)**	(21,366)
LAT provision for the year	**2,149,611**	430,531
Tax effect of LAT	**(537,403)**	(107,633)
Tax effect of undistributed profits	**83,555**	59,342
Tax charge for the year	**3,719,803**	1,525,686

PRC LAT

According to the requirements of the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例) effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例實施細則) effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for property sales of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items.

According to the Notices for the Strengthening of Administration on LAT (關於加強土地增值稅管理工作的通知), the Group is required to pre-pay LAT on pre-sale proceeds at 0.5%–3% for ordinary residential properties and 1%–6% for other properties.

For the year ended 31 December 2017, the Group estimated and made a provision for LAT in the amount of RMB2,149,611,000 (2016: RMB430,531,000), according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

7. DIVIDENDS

On 31 July 2017, a final dividend for 2016 of RMB0.12 per ordinary share, or RMB259,583,000 in total, was paid to the shareholders.

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2017 (for the six months ended 30 June 2016: Nil).

A final dividend of RMB0.20 per ordinary share (2016: RMB0.12 per ordinary share) for the year ended 31 December 2017 has been proposed by the directors and is subject to approval by the shareholders at the forthcoming annual general meeting.

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

Earnings

	2017 ***RMB'000***	2016 *RMB'000*
Profit for the year attributable to the owners of the Company	**2,189,598**	1,917,096
Distribution related to perpetual securities	**(527,144)**	(404,051)
Earnings for the purpose of basic earnings per share	**1,662,454**	1,513,045
Earnings for the purpose of diluted earnings per share	**1,662,454**	1,513,045

Number of shares

	2017	2016
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,164,326,605**	2,162,698,548
Effect of dilutive potential ordinary shares:		
Share options	**4,789,104**	4,175,486
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,169,115,709**	2,166,874,034

The computation of 2017 and 2016 diluted earnings per share does not assume the exercise of some of the share options because the exercise price of these share options was higher than the average market price for shares for the year.

9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2017 *RMB'000*	2016 *RMB'000*
Trade receivables	**1,052,445**	851,742
Less: allowance for doubtful debts	**(56,375)**	(9,873)
Trade receivables, net of allowance for doubtful debts	**996,070**	841,869
Other receivables, net of allowance for doubtful debts	**5,365,456**	3,824,326
Prepayments and deposits	**1,806,117**	1,604,529
Consideration receivables from disposal of subsidiaries and an associate	**861,154**	33,150
	9,028,797	6,303,874

The Group allows an average credit period of 90 days to certain trade customers with good credit standing. The aged analysis of trade receivables is stated below.

	2017 *RMB'000*	2016 *RMB'000*
Within 90 days	**546,487**	607,946
91–180 days	**41,217**	79,654
181–365 days	**131,418**	44,202
Over 365 days	**333,323**	119,940
Trade receivables	**1,052,445**	851,742

10. TRADE AND OTHER PAYABLES

The aged analysis of trade payables is stated as follows:

	2017 *RMB'000*	2016 *RMB'000*
Within 180 days	**11,542,628**	9,716,820
181–365 days	**789,770**	1,168,557
Over 365 days	**1,562,879**	1,141,925
Trade payables	**13,895,277**	12,027,302
Other payables and accrued expenses	**7,110,774**	5,085,266
Receipt in advance for a subsidiary held for sale	**248,000**	–
Consideration payables on acquisition and partial acquisition of subsidiaries	**1,026**	177,877
	21,255,077	17,290,445

Trade payables and other payables principally comprise amounts outstanding for trade purposes and ongoing costs.

MANAGEMENT DISCUSSION AND ANALYSIS

Operational Review

In 2017, despite the escalating austerity measures on real estate industry, people's desire for a better life and the need to improve living conditions did not decline. The Group actively responded to market demand, expedited the transformation towards becoming the "integrated service provider for an ideal life" and implemented the development strategy of "Service Platform Building, Asset Financialization and Property Development Professionalization", which formed a business development pattern of "combining light assets and heavy assets" and continued to enhance its core competitiveness.

Benefited from the unyielding support of all shareholders and the unremitting efforts of its staff, the Group's performance reached new heights in 2017. In terms of sales, it responded to regulatory changes in various regional markets and adopted differentiated marketing strategies, pursuant to which remarkable results were achieved in destocking. In terms of investment, the Group seized the opportunities arisen from a relatively less competitive market in the fourth quarter and acquired high quality land plots at reasonable prices, with which the investment scale accomplished a record high. In terms of finance, the Group ramped up financing efforts in the open market and actively explored ways of innovative financing, which reduced finance cost drastically. In terms of quality management, the Group further consolidated its leading position in the industry with product quality by continuously enriching and improving the content and quality of living services. In terms of business innovation, the Group first launched the housing 4S service model nationwide, carrying out pioneering businesses such as maintenance, value-added service and revitalization, so as to gain first-mover advantage in full life-cycle services for stock housing.

Results Overview

The Group generated revenue of RMB41,953 million for the Year, representing an increase of 44.8%, from RMB28,976 million in 2016. During the Year, the Group realized profit before taxation of RMB6,391 million, representing an increase of RMB2,643 million or 70.5% from RMB3,748 million in 2016. During the Year, the Group realized a net profit of RMB2,671 million, representing an increase of RMB448 million or 20.2% from RMB2,223 million in 2016. Profit attributable to owners of the Company for the Year amounted to RMB2,190 million, representing an increase of RMB273 million, or 14.2% from RMB1,917 million in 2016.

After deduction of net post-tax effect of gains from acquisitions, the provision and reversal of impairment losses on certain assets, fair value changes of certain assets during the Year, the core profit attributable to owners of the Company for the Year was RMB2,854 million, representing an increase of RMB768 million, or 36.8%, as compared with RMB2,086 million in 2016.

The basic earnings per share for the Year amounted to RMB0.77, representing an increase of 10.0% from RMB0.70 per share in 2016.

Presales

For the twelve months ended 31 December 2017, Greentown Group (including Greentown China Holdings Limited and its subsidiaries, together with its joint ventures and associates) recorded a total contracted sales area of approximately 8.27 million sqm, and a total contracted sales amount of approximately RMB146.3 billion, hitting a record high. Average selling price of investment projects reached approximately RMB23,235 per sqm (2016: RMB19,813 per sqm), at a leading level among property developers nationwide.

These investment projects have recorded a total contracted sales area of approximately 4.44 million sqm, and a total contracted sales amount of approximately RMB103.3 billion, of which approximately RMB54.9 billion was attributable to the Group (comprising Greentown China Holdings Limited and its subsidiaries) in 2017. As at 31 December 2017, the Group's investment projects recorded total subscription sales of RMB0.7 billion, of which approximately RMB0.4 billion was attributable to the Group. In addition, the Group's project management business where Greentown Group engaged in delivering brand value and management expertise (non-investment projects, referred to as "projects under project management") accelerated its development in 2017, and recorded a total contracted sales area of approximately 3.83 million sqm and a contracted sales amount of approximately RMB43.0 billion, representing 29% of the total contracted sales and a 138% increase from 2016. In face of the gradual separation between property investment and development, the competitive edge of Greentown Project Management further stood out, leading the Group's development to light assets.

In recent years, the Group has strived to develop marketable and cost-effective products and has formed an olive-shaped product structure of 2:6:2 (namely the weight of urban signature and brand model products is controlled at 20%, the proportion of mainstream products in the market targeting at mainly white-collar workers and young people expands to 60%, and the proportion of quality social security housing and resettlement housing for original residents is at 20%), which effectively speeded up inventory reduction. In 2017, the overall sell-through rate of investment projects reached 72% (of which, the saleable resource in first- and second-tier cities reduced approximately RMB69.6 billion at a sell-through rate of 75%, and the housing resource in third- and fourth-tier cities reduced approximately RMB33.7 billion at a sell-through rate of 67%). Newly-added housing resource was approximately RMB74.4 billion, the sales contributed during the Year were approximately RMB57.9 billion, at a sell-through rate of 78%. The inventory of investment projects at the beginning of the Year amounted to approximately RMB69.2 billion and the aggregate inventory reduction for the Year was approximately RMB45.4 billion, at a sell-through rate of 66%. Among these investment projects, single property sales of 15 projects, such as Hangzhou Young City, Beijing Xishan Mansion, Qingdao Ideal City and Ningbo Young City, exceeded RMB2.0 billion each in the Year. Projects with lower sell-through rate in previous years, namely Taizhou Ningjiang Mingyue, Hainan Blue Town and Zhoushan Changzhi Island also achieved impressive results in inventory reduction.

Continuous Optimization of Land Reserve, Gradual Emergence of Investment Characteristic

In 2017, both the turnover and price in the land market of China reached record high, but at the same time the industry was faced with unfavorable factors, such as tightened credit, continuous purchase restriction policy and slowing down of project launches in the market. Confronted with complex market conditions, the Group focused on core locations in core cities. In the first three quarters, the Group had withstood the pressure from the accelerated expansion of its peers and refrained from blindly following their land reserves replenishment pace. In the fourth quarter, the Group seized the opportunities brought by tightened funds of most real estate enterprises and a less competitive market to acquire a batch of high-quality land at relatively reasonable prices. The profitability of new projects has been ensured on the back of its sound investment management and control mechanism. The Group's investment scale reached record high. Throughout the Year, the Group focused on the three major first-tier cities, Beijing, Shanghai and Guangzhou, to defend the Group's leading position in high-end property, acquired more projects in Hangzhou, Nanjing, Wuxi, and Ningbo to further consolidate Greentown's market influence in Yangtze River Delta region. The Group has also strategically entered into Chengdu, Chongqing, Xi'an and Wuhan, to improve Greentown's brand awareness in Southwest, Northwest and Central China and made the layout of third- and fourth-tier cities, such as Jiaxing, Nantong and Yiwu, which are located in the radiating areas of core cities with great development potential, accelerating the flow of capital with fast turnover projects.

The Group had a total of 37 new projects in 2017 with a total GFA of approximately 8.59 million sqm, of which approximately 5.70 million sqm was attributable to the Group. Major new projects are located in the three major urban agglomerations of Yangtze River Delta, Pearl River Delta and Beijing-Tianjin-Hebei Region, accounting for 58% of the total GFA. The total land cost was approximately RMB64.4 billion, of which approximately RMB44.2 billion was payable by the Group. It is expected that the saleable value of new projects would be approximately RMB154.7 billion, of which approximately RMB98.6 billion was attributable to the Group, and about 75% will be contributed by projects in first- and second-tier cities. The average land acquisition cost was approximately RMB10,898 per sqm. As a result of its land replenishment efforts in 2017, the Group has strategically laid out its coverage in the three major urban agglomerations and optimized the land reserve structure.

Table of Newly-added Land Bank in 2017

No.	Land/Project Name	Acquired by	City	Equity	Total Land Cost/ Acquisition Cost of the Projects (RMB million)	Paid by Greentown (RMB million)	GFA (sqm)
1	Hangzhou Xixi Yunlu	Auction	Hangzhou	19.5%	1,271	248	80,267
2	Hangzhou Qinyuan	Auction	Hangzhou	26.0%	3,100	806	114,769
3	Guangzhou Guanggang New City Project	Auction	Guangzhou	16.7%	4,001	668	252,357
4	Xiangshan Baishawan Rose Garden	Acquisition	Ningbo	100%	72	72	80,899
5	Nanjing Yunqi Rose Garden	Auction	Nanjing	79.9%	3,810	3,045	298,087
6	Foshan Fengqi Lanting	Auction	Foshan	50.0%	1,942	971	273,615
7	Wuxi Fengqi Heming	Auction	Wuxi	100%	3,834	3,834	325,266
8	Yiwu Peach Garden	Auction	Yiwu	74.5%	2,490	1,855	231,382
9					1,769	1,318	172,669
10	Chongqing Orchid Garden	Auction	Chongqing	50.0%	872	436	102,413
11	Indonesia Jakarta Project	Acquisition	Jakarta	10.0%	87	87	778,952
12	Lishui Liuxiangyuan	Auction	Lishui	51.0%	1,266	646	226,098
13	Shengzhou Opera Town	Auction	Shengzhou	32.5%	61	33	61,739
14	Wuhan Huashan Project	Acquisition	Wuhan	80.0%	1,261	1,261	204,089
15	Chengdu Wenrude	Acquisition	Chengdu	60.0%	1,695	1,695	259,356
16	Ningbo Willow Breeze	Auction	Ningbo	51.0%	1,779	907	129,642
17	Ningbo Qiu’ai Project	Auction	Ningbo	51.0%	4,469	2,279	435,310
18	Hangzhou Fuyang Yinhu Block No. 20	Auction	Hangzhou	100%	802	802	104,088
19	Hangzhou Fuyang Yinhu Block No. 21	Auction	Hangzhou	100%	1,295	1,295	195,422
20	Ningbo Fenghua District Changting Village Block	Auction	Ningbo	100%	1,392	1,392	288,491
21	Bejing Wulituo Block	Auction	Beijing	50.5%	8,600	4,343	571,370
22	Hangzhou Xianlin Street Lixiang District Block A-14	Auction	Hangzhou	100%	1,505	1,505	141,370
23	Chengdu Huafu Block No. 175	Auction	Chengdu	45.0%	3,185	1,433	420,251
24	Nantong Gangzha District Block R17027	Auction	Nantong	100%	997	997	145,220
25	Nantong Gangzha District Block R17028	Auction	Nantong	100%	1,574	1,574	235,197
26	Shanghai Songjiang District Yongfeng Block	Auction	Shanghai	100%	602	602	38,446
27	Jinan New East Station Block A7	Auction	Jinan	100%	1,346	1,346	148,579
28	Hangzhou Xiaoshan Chaoyang Block	Auction	Hangzhou	100%	3,939	3,939	297,161
29	Chengdu Qingyang District Jinsha Block	Auction	Chengdu	100%	1,344	1,344	133,399
30	Qufu Chengyuan	Auction	Jining	100%	188	188	254,961
31	Xi’an Hongji New City Phase One	Acquisition	Xi’an	83.0%	1,677	1,677	883,943
32	Xi’an National Games Village Wenyuan Block	Acquisition	Xi’an	51.0%	235	235	328,249
33	Deqing Guanyun Town	Acquisition	Deqing	90.0%	778	778	254,046
34	Hainan Blue Town Block No. 2017-43	Auction	Lingshui	51.0%	371	189	21,020
35	Hainan Blue Town Block No. 2017-45	Auction	Lingshui	51.0%	709	362	88,133
36	Anji Peach Garden Block B4	Auction	Huzhou	85.0%	9	8	2,510
37	Anji Peach Garden Block F2	Auction	Huzhou	100%	54	54	9,877
Total					64,381	44,224	8,588,643

As at 31 December 2017, Greentown Group had a total of 98 land reserve projects (including projects under and pending construction) with an aggregate GFA of approximately 30.32 million sqm, of which approximately 19.02 million sqm was attributable to the Group. The total saleable area amounted to approximately 21.12 million sqm, of which approximately 13.02 million sqm was attributable to the Group. The average GFA land cost was approximately RMB5,098 per sqm. Projects in first- and second-tier cities accounted for 70% of the total saleable value.

Significant Improvement in Financial Structure and Innovative Development of Greentown Asset Management

Benefiting from the financial and credit support from the largest shareholder of the Company, China Communications Construction Group Ltd. ("CCCG"), and the positive prospects of the Company's overall operations, the net gearing ratio of the Company was 46.4% as at 31 December 2017, representing a significant decrease year-on-year (31 December 2016: 58.1%). Cash and bank balances amounted to approximately RMB35.98 billion, representing a record high of the Company. The weighted average interest cost of the total borrowings in 2017 was 5.4%, representing a further decrease from 5.9% in 2016.

The cost of newly-added land bank was approximately RMB44.2 billion in 2017 while the net increase of interest-bearing liabilities was only RMB9.9 billion, the structure of capital sources of the Company notably improved. On one hand, cash flow of the Company has been significantly refilled by the remarkable rise of cash collection from sales as well as the continued increase of the Group's equity interest in its projects. On the other hand, though confronted with increasingly stringent financial regulations, tightened financing environment and restricted financing channels, the Group has been constantly optimizing and innovating its financing management, which has provided a strong cushion for the operations and investments of the Company. The financing of the Group in open market has also been constantly strengthened. In July 2017, the Group successfully issued USD450 million senior perpetual securities redeemable in three years, the initial coupon rate was 5.250%, hitting a record low in the Group's overseas perpetual securities and bonds financing history. As of August 2017, the issuance of medium-term notes in the amount of RMB8.9 billion has been completed by four tranches. In addition, the Group received a no-objection letter from the Shanghai Stock Exchange on 27 December 2017 concerning the application for non-public issuance of RMB5 billion corporate bonds. The application for public issuance of RMB2 billion corporate bonds was also subsequently approved by the China Securities Regulatory Commission on 10 January 2018, and such corporate bonds were successfully issued on 12 March with an oversubscription rate of 3.12 times at a coupon rate as low as 5.50%. At the same time, the Group accelerated the integration of resources and strengthened effective communication with financial institutions. At present, the Group has completely replaced the replaceable high-interest bonds with interest rates higher than 7%, which significantly optimized the debt structure and laid a solid foundation for systematic improvement of the Group's asset structure.

Greentown Asset Management carries forward the strategy of "Asset Financialization", builds financial service platform, deploys industry investments across various sectors, with an aim to reinforcing the liquidity of holding assets, and helps improve the financial position of the Group. As for financing innovations, Greentown Asset Management steadily pushed forward financial leasing, commercial factoring, etc. and successfully issued the 3-years asset-backed securities (ABS) of the final housing receivables in the amount of RMB1.6 billion at an interest rate of 5.29% in July 2017. In addition, the Group has successfully completed the disposal of Beijing Xiaoyun Road Project and Oakwood Residence, which further optimized the asset structure. The Group efficiently strengthened the liquidity of holding assets through financial methods such as operating property loans and onshore guarantee for offshore loan, etc.

Leading Product Quality in the Industry and Constant Upgrade of Living Services

Under the background of stern regulation and control over the real estate sector, the residential nature of houses has gradually resumed, and people's requirements for products and services have been raised accordingly. For twenty-three years, the Group has always been adhering to the simple mission of "building more quality houses for more people" and "catering to the majority's demand for a wonderful life", sticking with the untiring quest for quality and continuing to provide quality products and services. In 2017, the Group was awarded "Leading Brands of Chinese Real Estate Enterprises by Customers' Satisfaction" for the 6th consecutive year with brand value reaching RMB29.076 billion in 2017, ranking first among mixed-ownership enterprises in the PRC. The Group was also awarded "Top 10 Chinese Real Estate Enterprises by Comprehensive Strength" and "Top 10 Chinese Real Estate Companies by Brand Value" for the 13th consecutive year, which has fully demonstrated the high degree of recognition among customers towards product and service quality of the Group.

Based on the improvement in product quality, the Group vigorously conducted reforms and innovations and consistently lifted efficiency of project development. In terms of quality control, it completed the establishment of a product systematic security system and simultaneously carried out "site open day" campaigns for customers and implemented Japanese-style management in all aspects to effectively secure product quality, safety and performance. In terms of product innovation, Hangzhou Phoenix Mansion and Hangzhou Osmanthus Grace launched Chinese-style three-layer courtyards and minimalist stacked villas respectively, which were widely acclaimed in the market. In addition, Hangzhou Phoenix Mansion was awarded with "Oriental Aesthetic Residence" in 2017, fully demonstrating the Group's leading position in product innovation and design. In terms of project operational efficiency, research and application of product standardization have achieved remarkable results. The design and decoration of Chongqing Orchid Residence and Ningbo Young City has been standardized, which has reduced design and overall development lead time for one month respectively. Pilot application of technologies such as assembled building and steel structure building also improved the efficiency of project development and operation. At the same time, the Group accelerated the application of green buildings and the newly acquired projects were designed and constructed in full accordance with the National Star Standard.

In order to fulfill the strategic goal of "Service Platform Building", Greentown Ideal Life actively explored "new products, new marketing and new services" and constantly upgrade its service content centered on the full-living-chain of customers and the full-life-cycle of housing products. First, it established the housing 4S business model with housing maintenance as the center, renewal, value-added and urban regeneration business as its backbone, and rapidly expanded its business scale by opening 35 stores in 17 cities across the country. Second, it innovated a business operation model and established a full-chain community business operation service system regarding consulting, planning, attracting business, operation, sales, as well as created a subway commercial street model – Hangzhou Young City Commercial Street. Third, it launched and operated three systems including real estate digital marketing platform, "Greentown+" Good Living Service APP and housing 4S service platform with the use of big data technology, which together formed an integrated service platform to centralize customers' data, enhance customers' royalty and continuously improve their living experience.

Outlook

Looking into 2018, local governments will actively implement differentiated regulatory and control measures on the real estate sector, shifting from a comprehensive restriction policy on purchase to the implementation of "one city with multiple policies" to satisfy the needs of first-time home buyers, support demand to improve housing conditions and curb speculations. It is expected that various means for promoting the establishment of long-term mechanism in real estate will be gradually implemented. With continuous net inflow of population, cities of large and medium size will provide more rental land, promote shared ownership housing and improve the supply of "commercial housing + government social security housing + rental housing + shared ownership housing" to realize the goal of "everyone has a house to live in".

In 2017, the Group accomplished sound results in inventory reduction in third- and fourth-tier cities. Coupled with sufficient impairment provision made for past intractable issues in its financial statements, the Group has substantially eliminated historical issues and was ready to embrace future growth. Meanwhile, the Group has expanded its investments remarkably by acquiring parcels of high quality land at reasonable prices. The land reserve structure has been further optimized, and the proportion of saleable resources in first- and second-tier cities increased significantly. Riding on this foundation, the Group will maintain modest financial leverage, while balancing the development of heavy asset and light asset businesses, and focusing on key investment projects, with an aim to back the continual quality growth of the Group.

Adhering to the Strategy of "Balancing the Development of Light Assets and Heavy Assets"

The Group will adhere to the strategy of "balancing the development of light assets and heavy assets", improve the overall quality and profitability of heavy assets, increase the ratio of light assets gradually, and drive the transformation of corporate development momentum from heavily relying on resources and capital to relying on team, brand and professional competence, and keep fortifying the company's risk control ability.

In terms of heavy assets, the Group will remain committed to real estate development and town construction with best quality, improve professional development capacity of Greentown Real Estate and Greentown Town Development and boost investment return on heavy assets. Greentown Real Estate will focus on core cities, and improve project turnover, cost effectiveness and profitability; Greentown Town Development will speed up the promotion of ideal town models, the cultivation of industry-oriented towns, the expansion of excellent town projects and the innovative development of reserved urban land, so as to pioneer among national characteristic towns.

In terms of light assets, firstly, the Group commits itself to creating an ecosystem that "co-creates value for and shares benefits with" clients, home owners, suppliers, employees and investors. Such model helps secure the rapid and quality growth of project management business and combat cyclical fluctuation of the real estate industry. As such, Greentown Project Management will cement its leading role in the project management industry and among national asset-light benchmarking companies, realizing a multi-win situation. Secondly, Greentown Ideal Life will further integrate and cultivate the education, medical, and elderly care businesses in order to strengthen the comprehensive effectiveness of its quality living services. Thirdly, the Group will establish Greentown Housing Technology Group to actively develop the light asset services covering housing 4S, decoration, electrical and mechanical, construction safety and so on. Fourthly, the Group will accelerate the construction of financial service platform for Greentown Asset Management with a view to boost the operation efficiency of holding properties, and to increase investments in high-quality light assets in the areas of new financial and new economy.

Capital Security

In 2018, the Group will continue to expand its financing channels; actively innovate the financing model; promote the diversified development of financial leasing, commercial factoring, funds and other innovative businesses; expand funding sources; gradually reduce finance costs, while increasing sales collection rate and strengthening the management of cash flow. The investment expansion in 2018 will be well supported by sound financial leverage and abundant cash, in particular the investment in key strategic projects.

Investment Expansion

In order to adapt to the changing market environment and resolve conflicts between its own resources shortcoming and quality growth, the Group will adhere to the investment strategy of "core cities, core areas", focusing on three urban agglomerations of "Yangtze River Delta", "Pearl River Delta", "Beijing-Tianjin-Hebei" and four metropolitan areas of "Beijing, Shanghai, Guangzhou and Shenzhen", to selectively develop third- and fourth-tier cities that benefit from industrial and population outflow from first- and second-tier cities. Taking profit and liquidity into consideration, the Group will also make prompt adjustment and replacement to its investment structure and actively grasp diversified opportunities to obtain projects. First, by riding on the experience gained from the development and construction of four National Games Village projects and service provision for the National Games, together with Greentown's brand influence and local advantages, the Group is in preparation for the bidding of Hangzhou Asian Games Village project with its best efforts. The Group will also leverage on its largest shareholder CCCG to actively seek participation in the development of Xiong'an New Area and the high quality urban construction projects under the "One Belt, One Road" Initiative. Second, the Group will actively build benchmarking projects that can demonstrate its product building capabilities, for instance, Hangzhou Phoenix Mansion project, to enhance its brand influence. Third, the Group will continuously capitalize on its advantages in the development of "railway + property" and seek to obtain projects atop railway stations in cities such as Hangzhou, Ningbo, Fuzhou, Xi'an and Foshan, to speed up the turnover of its projects. Fourth, it will vigorously promote the construction of ideal towns, expand ways to obtain projects, build and develop the characteristic industry chain system in the approved town projects, and implement the industry-orientated and town-industry-integration development mode. Fifth, the Group will take an active part in the mixed-ownership reform of state-owned enterprises related to real estate and focus on major mergers and acquisitions.

Furthermore, the Group will focus on two kinds of investments in 2018. First, it will further strengthen the cooperation with local government and be fully engaged in the complete chain of planning and construction of supporting facilities for large-scale sporting events, event services and assets operation after the games, forming Greentown's unique brand on event development and operation. In 2022, the 19th Asian Games will be held in Hangzhou. The Group will devote all its efforts to the preparation on tendering for the Hangzhou Asian Games Village Project by relying on its experience in managing National Games Village Projects for four consecutive sessions and its distinct advantages in the construction of games village project series. If the Group obtains this project, it will be provided with a number of supplementary high-quality land reserve, thus further solidifying its leading market position in Hangzhou. Second, the Group has established Greentown Xiong'an Urban Operation Company, making every effort to establish the strategic partnership with Xiong'an New Area through collaboration with CCCG. In particular, the Group will seek more cooperation opportunities in the fields it has been good at, such as construction of social security housing, government project management, construction of towns, high-quality boutique apartments as well as living services, etc.

Management Enhancement

The Group will promote standardization in terms of talent, quality, service, and budget in order to improve management level. The Group will follow the principle of matching talents with the right positions to accelerate the building of human resources mechanism and improve per capita efficiency; uphold its quality-oriented spirit to maintain the leading position in terms of product quality in the industry; continuously upgrade the service variety to better satisfy people's demand for a good life. Based on the goal of "profit maximization", the Group will insist on including all expenses in the budget management system, so as to control costs and expenses effectively.

Incentive Scheme

Taking into account the Company's current development, including its business strategy, organizational structure and profitability, the Group will establish a long-term incentive scheme known as "Business Partner", in an attempt to motivate employees to carry risks, create values and share profits with the Company.

As for share options, considering the Company's operations and financial performance, market value management and other factors in recent years, the Company granted an aggregate of 100 million share options to its executive directors and senior management on 27 December 2017, which continually motivates directors, management and outstanding employees of the Company to share the Company's growth, and attract them to make more remarkable contributions to the Company's development.

As for management shareholding, the Group plans to select a group of management and core employees in 2018 to subscribe for a certain portion of the Company's shares. The Company is committed to achieving a win-win situation by further inspiring the enthusiasm and creativity of its staff, building a team of shared interests in making concerted efforts to enhance the Company's performance and value.

In the meantime, the Group plans to implement a "development results sharing program" with an aim to drive value creation starting from 2018. By taking account of the net return on equity of city companies, the shareholding of the staff in the newly listed business segments, and shareholding of the operation teams of innovative businesses, it is set to encourage value creation and value contribution.

Saleable Resources in 2018

In 2018, the total saleable housing area of Greentown Group is estimated to reach approximately 12.11 million sqm, with a total saleable amount of approximately RMB235.1 billion. In 2018, Greentown Group will have 140 investment projects for sale. It is expected that the saleable housing area can reach approximately 6.41 million sqm, and the saleable amount is expected to reach approximately RMB157.3 billion, of which the saleable amount of the saleable property inventories in 2017 amounted to RMB41.3 billion, and the saleable amount for new saleable properties in 2018 is expected to be RMB116.0 billion. The saleable housing area in the first- and second-tier cities is about 3.65 million sqm, and the saleable amount is estimated to be approximately RMB106.6 billion, representing 68% of the saleable amount in 2018. The saleable housing area of Greentown's projects under project management in 2018 is estimated to reach 5.70 million sqm, with the saleable amount of approximately RMB77.8 billion.

With the full support of the state-owned enterprise CCCG and Hong Kong blue-chip enterprise Wharf, together with our founding shareholder Mr. SONG Weiping and other substantial shareholders, the Group will be persistent in riding on the innovation and practice of mixed ownership to accelerate the realization of its development into the No.1 Integrated Service Provider for an Ideal Life in China, to better satisfy customers' aspiration and expectation for a good life.

FINANCIAL ANALYSIS

Revenue

The revenue of the Group mainly derives from the sales of properties, as well as from hotel operations, property rental, project management, sales of construction materials, and design and decoration, etc. During the Year, the revenue from property sales amounted to RMB37,936 million, accounting for 90.4% of the total revenue, and representing an increase of 48.6% from RMB25,521 million in 2016, which was mainly due to the higher average selling price of properties delivered. The average selling price of properties delivered for the Year was RMB19,146 per sqm, representing an increase of 70.2% from RMB11,247 per sqm in 2016, which was mainly due to Shanghai Bund House, one of the projects delivered during the Year, which is a high-end fit-out property with higher average selling price and accounting for 18.8% of total sales, pulling up the average selling price to a certain extent.

Properties with the revenue recognized by subsidiaries during 2017 were as follows:

Projects	Type of Properties	Area Sold *(sqm)* *(Note)*	Sales Revenue *(RMB million)*	% of Total	Average Selling Price *(RMB/sqm)*
Shanghai Bund House	High-Rise Apartment	64,902	7,136	18.8%	109,950
Tianjin National Games Village	Integrated Community	219,188	5,919	15.6%	27,004
Hangzhou Qiantang Mingyue	High-Rise Apartment	226,032	5,027	13.3%	22,240
Hangzhou River South	Villa	23,450	2,212	5.8%	94,328
Fenghua Rose Garden	High-Rise Apartment, Villa	166,016	1,964	5.2%	11,830
Hainan Blue Town	Integrated Community	81,312	1,791	4.7%	22,026
Lin'an Spring Blossom	Villa	74,517	1,321	3.5%	17,727
Hefei Jade Lake Rose Garden	High-Rise Apartment	80,861	1,033	2.7%	12,775
Zhoushan Changzhi Island	Integrated Community	60,095	1,033	2.7%	17,189
Deqing Yingxi Arcadia	High-Rise Apartment, Villa	94,866	901	2.4%	9,498
Others		890,188	9,599	25.3%	10,783
Total		**1,981,427**	**37,936**	**100.0%**	**19,146**

Note: Area sold includes above ground and underground areas.

During the Year, projects in Hangzhou area achieved sales revenue of RMB10,506 million, accounting for 27.7% of the property sales, ranking first among all regions. Projects in Zhejiang area (excluding Hangzhou) achieved sales revenue of RMB8,946 million, accounting for 23.6% of the property sales, ranking second. Projects in Shanghai area achieved sales revenue of RMB7,136 million, accounting for 18.8%, ranking third.

During the Year, the Group's revenue generated from sales of high-rise apartments, low-rise apartments and serviced apartments reached RMB27,855 million, accounting for 73.5% of the property sales; sales revenue of villas reached RMB9,384 million, accounting for 24.7%; and sales revenue of offices reached RMB697 million, accounting for 1.8%.

During the Year, the Group's design and decoration business recorded a revenue of RMB2,091 million, representing an increase of 26.0% and RMB431 million from RMB1,660 million in 2016. Such increase was mainly due to the continuously stable expansion of its business scale as a result of the high degree of recognition among customer towards the high-end fit-out products and services provided by the Group's design and decoration business.

The Group's revenue from project management in 2017 amounted to RMB931 million, representing an increase of 14.4% from RMB814 million in 2016, mainly due to the fact that the current project management business platform of Greentown Management Holdings Company Limited (綠城管理控股有限公司) underwent continuous integration and promotion, project management scale took the lead, the brand of "Greentown Management" won great reputation in the industry and became a benchmark in project management industry, and the project management business appeared sound development momentum.

During the Year, the Group's revenue from hotel operations was RMB717 million, up 10.0% from RMB652 million in 2016, which was mainly due to the contribution made by several hotels of the Group which operations were mature as a result of their growing customer base.

During the Year, the Group's rental income from investment properties was RMB70 million, representing a decrease of 49.6% from RMB139 million in 2016, mainly due to the fact that during the Year, the Group disposed of the equity interest in a subsidiary, which held and rented Beijing Greentown Oakwood Residence Apartment Hotel. Please refer to "Material Disposals" below for details.

Gross Profit and Gross Profit Margin

During the Year, the Group achieved gross profit of RMB8,076 million, representing an increase of 34.1% from RMB6,022 million of the gross profit in 2016, which attributed to the substantial increase in sales income of the property during the Year and a corresponding increase in gross profit.

During the Year, the Group achieved gross profit margin of 19.2%. Excluding the fair value adjustment on the cost of sales which arises from the acquisition by the Group, the Group achieved gross margin of 32.3% for the Year, representing a significant increase from 21.4% in 2016. In that, the gross profit margin of property sales was 31.8%, representing a significant increase from 18.7% in 2016, which was mainly due to the fact that Shanghai Bund House delivered for this Year, was a luxury decoration and high-rise residential, of which sales ranked first, achieved higher gross profit margin of property sales.

Other Income

During the Year, the Group acquired other income of RMB1,223 million, representing an increase of 25.2% from RMB977 million in 2016, mainly including interest income, net foreign exchange gains and comprehensive service income, etc.

During the Year, the Group acquired net foreign exchange gains of RMB511 million, mainly due to large amount of foreign currency borrowings of the Group and the more appreciation of RMB against US dollar in 2017. In 2016, net foreign exchange losses of RMB528 million were included in administrative expenses.

Sales and Administrative Expenses

During the Year, the Group generated sales expenses of RMB1,617 million, administrative expenses of RMB2,860 million, the aggregate amount of RMB4,477 million, representing an increase of RMB269 million or 6.4% as compared with the aggregate amount of RMB4,208 million in 2016, which was due to an increase of human resource cost.

The human resource cost is the single largest expenditure in sales and administrative expenses. During the Year, we generated RMB1,931 million (2016: RMB1,476 million), representing a year-on-year increase of 30.8%. On one hand, during the Year, the Group's property sales income increased significantly and the performance related incentive payments also increased accordingly. On the other hand, during the Year, the Group coordinated with the five-in-one control system and recruited various kinds of talents, which rose human resource cost.

During the Year, expenses incurred in marketing activities amounted to RMB727 million (2016: RMB599 million), up 21.4% as compared with last year, mainly due to the fact that the Group actively expanded its marketing channels and there was a significant increase in sales during the Year. However, the Group also strictly controlled the expenses with a relatively lower marketing expenses, and the fee ratio has decreased significantly. The daily operating expenses amounted to RMB934 million (2016: RMB929 million), a certain decrease in basic expenses including office expenses, travel expenses, conference fees, and utilities fees and property management fees, etc. The main reason is that during the Year, the Group implemented the comprehensive budget management boosted with the cost control information system, and further optimized the cost standard and the control measures according to the budget implementation conditions. The level of cost control has thus been improved.

Finance Costs

The total interest expenses during the Year was RMB3,718 million, representing an increase of RMB250 million from RMB3,468 million in 2016, mainly due to the increase in the weighted average of loan balance outstanding. The weighted average interest cost during the Year was 5.4%, representing a decrease as compared with 5.9% in 2016, which was mainly due to the continuous optimization of debt structure, expansion of the financing channels and active innovation of financing model. In the meantime, the Group promoted the property financialization. During the Year, the Group issued medium-term notes of RMB8.9 billion, senior perpetual securities of USD450 million, and asset-backed securities (ABS) of the final housing receivables of RMB1.6 billion, achieving a further reduction in finance costs on the basis of the previous two years.

During the Year, interest expenses recorded in the consolidated statement of profit or loss and other comprehensive income was RMB1,477 million (2016: RMB1,037 million). During the Year, the capitalized interest was RMB2,241 million, at a capitalization percentage of 60.3% (2016: 70.1%).

Share of Results of Joint Ventures and Associates

During the Year, the Group's share of results of joint ventures amounted to an aggregate loss of RMB8 million and the share of results of associates amounted to an aggregate gain of RMB558 million, a total profit of RMB550 million, representing a decrease of RMB875 million from RMB1,425 million in 2016. The decrease was mainly due to the decrease in provision for impairment losses against some properties and the decrease in gross profit from property sales.

During the Year, the Group's associate, Qingdao Greentown Huajing Real Estate Co., Ltd. (Qingdao Deep Blue Center) provided an impairment loss of RMB452 million, reducing the Group's share of results of associates by RMB181 million.

During the Year, revenue from property sales recognized by joint ventures and associates amounted to RMB27,633 million in aggregate, representing a decrease of 2.7% from RMB28,414 million in 2016, gross profit from property sales amounted to RMB4,215 million, representing a decrease of 21.1% from RMB5,341 million in 2016, which was mainly due to the projects with the revenue of Hangzhou Wulin No. 1 and Yiwu Rose Garden in 2016 with sales and a relatively higher gross profit from property sales.

Projects with the revenue recognized by joint ventures and associates in 2017 were as follows:

Projects	Category	Type of Properties	Area Sold *(sqm)* *(Note)*	Sales Revenue *(RMB million)*	% of Total	Average Selling Price *(RMB/sqm)*
Hangzhou Zhijiang No. 1	Joint Venture	High-Rise Apartment	135,693	2,972	10.8%	21,902
Hangzhou Young City	Joint Venture	High-Rise Apartment	130,070	2,181	7.9%	16,768
Wuxi Lihu Camphora Garden	Joint Venture	High-Rise Apartment, Villa	108,860	1,796	6.5%	16,498
Shenyang National Games Village	Joint Venture	High-Rise Apartment	215,571	1,356	4.9%	6,290
Hangzhou Wulin No. 1	Associate	High-Rise Apartment	49,078	3,636	13.2%	74,086
Lishui Xiuli Chunjiang	Associate	High-Rise Apartment	127,704	2,025	7.3%	15,857
Jinan National Games Village	Associate	High-Rise Apartment, Villa	93,893	1,902	6.9%	20,257
Qingdao Deep Blue Center	Associate	High-Rise Apartment	25,056	1,426	5.2%	56,913
Hangzhou Hope Town	Associate	High-Rise Apartment, Villa	48,904	1,153	4.2%	23,577
Hangzhou Xizi International	Associate	High-Rise Apartment, Office	38,243	1,111	4.0%	29,051
Others			677,517	8,075	29.1%	11,919
Total			**1,650,589**	**27,633**	**100.0%**	**16,741**

Note: Area sold includes above ground and underground areas.

Taxation Expenses

During the Year, taxation included the LAT of RMB2,150 million (2016: RMB431 million) and enterprise income tax of RMB1,570 million (2016: RMB1,095 million). During the Year, the effective enterprise income tax rate was 38.3% (excluding share of results of joint ventures and associates and the losses of certain offshore subsidiaries), higher than the statutory tax rate of 25.0%. It was mainly attributable to the early provision for withholding tax on dividend, the unrecognized deferred tax assets of the losses of certain onshore subsidiaries, fair value change on cross currency swaps, fair value changes on early redemption options of senior notes and the expenses not deductible for tax purposes.

Gain from Changes in Fair Value of Investment Properties

Investment property is a property held for rental earning and measured at fair value. The Group commissioned DTZ Debenham Tie Leung Limited to provide valuation on investment properties located in Dalian, Qingdao, Zhuji, etc. According to the results of the valuation, the gain from changes in fair value of investment properties amounted to RMB253 million in 2017 (2016: a gain of RMB50 million).

Fair Value Changes on Early Redemption Options of Senior Notes

All of the senior notes of the Group contain early redemption options. Early redemption options are regarded as embedded derivatives not closely related to the host contracts. During this Year, the fair value changes on early redemption options of senior notes resulted in a loss of RMB157 million (2016: a loss of RMB101 million).

Provision and Reversal of Provision for Impairment Losses for Certain Asset

In light of the rapid change of market environment, the Group commissioned DTZ Debenham Tie Leung Limited to provide valuation on some properties. According to the results of the valuation, Zhoushan Putuo Greentown Industry Investment Co., Ltd., a subsidiary of the Company, recognized a reversal of impairment provision of RMB7 million in 2017 (2016: a reversal of impairment provision of RMB35 million), and Xinchang Greentown Real Estate Co., Ltd., a subsidiary of the Company, recognized a reversal of impairment provision of RMB13 million (2016: a reversal of impairment provision of RMB3 million). A total of impairment provision of RMB20 million was reversed.

The Group respectively provided for impairment loss of certain subsidiaries for their completed properties for sale during the Year as follows:

Name of Company	Name of Project	Impairment Loss *(RMB million)*
Hangzhou Yuhang Jinteng Real Estate Development Co., Ltd.	Hangzhou Blue Patio	156
Fenghua Greentown Real Estate Development Co., Ltd.	Fenghua Rose Garden	75
Taizhou Gili Jiayuan Real Estate Development Co., Ltd.	Taizhou Rose Garden	42
Qingdao Greentown Huachuan Real Estate Co., Ltd.	Qingdao Ideal City	38
Greentown Hengji Daqing Real Estate Development Co., Ltd.	Daqing Majestic Mansion	26
Xintai Greentown Real Estate Co., Ltd.	Xintai Yulan Garden	15
Total		**352**

In addition, an impairment loss of RMB431 million was made by the Group on the amount due from the related parties during the Year, mainly to address the impairment loss of RMB424 million made by the Group on the amount receivable from Wenzhou Greentown Development Real Estate Development Co., Ltd. (Wenzhou Begonia Bay). The doubtful debt provision of RMB216 million was made by the Group on trade and other receivables during the Year, mainly resulting from the Group's objective analysis towards the recoverability on some amounts that showed indication of impairment.

Pre-sale Deposits

Pre-sale deposits represent the amounts received from the pre-sale of properties. The amounts will be recognized as sales revenue upon delivery of properties. As at 31 December 2017, the balance of pre-sale deposits of the Group was RMB65,900 million, representing an increase of RMB27,477 million or 71.5% from RMB38,423 million as at 31 December 2016, mainly due to the substantial increase in contracted sales of the Group during the Year.

As at 31 December 2017, the balance of pre-sale deposits of joint ventures and associates was RMB47,457 million, representing a decrease of RMB3,448 million or 6.8% from RMB50,905 million as at 31 December 2016.

Financial Resources and Liquidity

As at 31 December 2017, the Group had bank balances and cash (including pledged bank deposits) of RMB35,977 million (as at 31 December 2016: RMB24,971 million). Total borrowings amounted to RMB57,706 million (as at 31 December 2016: RMB47,834 million) and the net borrowings (total borrowings less bank balances and cash) amounted to RMB21,729 million (as at 31 December 2016: RMB22,863 million). The net gearing ratio was 46.4%, representing a significant improvement as compared to 58.1% as at 31 December 2016, which was mainly due to the fact that during the Year, the Group increased the capital utilization efficiency while strengthening its efforts on financing and coordination, which enabled the Company to maintain good cash flows and reasonable debt ratio.

Greentown Group has obtained facilities of RMB189.7 billion from financial institutions, of which approximately RMB132.7 billion were available as at 31 December 2017.

Material Disposals

On 7 May 2017, the Group entered into an equity transfer agreement with an independent third party, pursuant to which the Group agreed to dispose its 100% equity interests held in Li Tao (Hangzhou) Construction Design Company Limited* (力濤(杭州)建築設計諮詢有限公司), a wholly-owned subsidiary of the Group, and 100% equity interest held in Beijing Greentown Yinshi Real Estate Co., Ltd.* (北京綠城銀石置業有限公司) comprising a serviced apartment and two undeveloped land parcels in Beijing, the considerations for the equity transactions were RMB1,409 million and RMB1,344 million, respectively. These disposals increased the net profit of the Company by RMB1,202 million for the Year. For details about the disposals above, please refer to the announcement of the Company dated 7 May 2017.

Business combinations

The Group responded to the national strategy and actively followed up with the construction project of a series of events services in the National Games Village. During the Year, Tianjin Greentown National Games Village Construction Development Co., Ltd.* (天津綠城全運村建設開發有限公司) ("Tianjin National Games Village") became a subsidiary of the Company, which was previously a joint venture of the Company, due to changes of its board of directors and the articles of association. The company holds and develops Tianjin National Games Village. During the Year when the business was consolidated, the Group re-measured the company's net assets at fair value, of which a gain of re-measurement of the joint venture to acquisition date fair value of RMB1,621 million was recognized. The gain generated from the business combination and the effect of fair value adjustments on costs totaled a net profit of the Company of RMB223 million.

Risks of Foreign Exchange Fluctuation

The principal place of operation of the Group is the People's Republic of China, and the majority of the income and expenditure were settled in RMB. The Group had deposits in foreign currencies, amount due from and to the related parties and third parties denominated in foreign currencies, as well as bank borrowings and overseas senior notes balance at an aggregate amount of approximately USD1,940 million. As such, the Group was exposed to exchange rate risk. However, the Group's operating cash flow and liquidity is not subject to significant influence from fluctuations in exchange rates, but the Company is actively exploring foreign exchange hedging plans with major banks, though no foreign exchange hedging arrangements have been entered into as at 31 December 2017.

Financial Guarantees

The Group provided financial guarantees to banks for mortgage facilities granted to buyers of the Group's properties. As at 31 December 2017, such financial guarantees amounted to RMB30,777 million (as at 31 December 2016: RMB27,361 million).

Pledge of Assets

As at 31 December 2017, the Group pledged prepaid lease payment, investment properties, properties for development, properties under development, completed properties for sale, property, plant and equipment, pledged bank deposits, interests in joint ventures and interests in associates, with an aggregate carrying value of RMB42,359 million (as at 31 December 2016: RMB37,698 million) to secure general credit facilities granted by banks and other financial institutions to the Group.

Capital Commitments

As at 31 December 2017, the Group had contracted, but not provided for, capital expenditure commitments of RMB19,815 million (as at 31 December 2016: RMB11,000 million) in respect of properties for development, properties under development and construction in progress.

CAPITAL EXPENDITURE PLAN

In consideration of the complicated and highly uncertain economic environment, the Group takes a prudent approach towards the use of funds to secure the capital chain. Currently the Group has no material capital expenditure plan.

EVENTS AFTER THE BALANCE SHEET DATE

On 29 January 2018, the Company entered into a framework agreement with The Wharf (Holdings) Limited and the other parties thereto in relation to the joint development of a piece of land in the Xiaoshan District of Hangzhou, Zhejiang province of the PRC into residential properties. The land has a gross site area of approximately 70,129 sqm, which is intended to be developed into residential properties with a total gross floor area of approximately 196,361 sqm, with a floor area ratio of 2.8. The entering into of the agreement and the transactions contemplated thereunder constitute a connected transaction of the Company. Please refer to the announcement of the Company dated 29 January 2018 for the details of this transaction.

On 1 February 2018, Greentown Ideal Town Construction Group Co., Ltd.* (綠城理想小鎮建設集團有限公司) ("Greentown Town"), a wholly-owned subsidiary of the Company, entered into a shareholders' agreement with CCCC Investment Co., Ltd.* (中交投資有限公司) ("CCCC Investment") and CCCC Southwest Investment and Development Co., Ltd.* (中交西南投資發展有限公司) ("CCCC Southwest Investment") in relation to the formation of a joint venture. Pursuant to such agreement, the joint venture will have a registered capital of RMB400 million, of which RMB184 million, RMB180 million and RMB36 million will be contributed by CCCC Investment, Greentown Town and CCCC Southwest Investment, accounting for 46%, 45% and 9% of the total registered capital of the joint venture respectively. The joint venture is proposed to be established primarily for carrying out the preliminary works of the China Agricultural Expo Town Project (中國農博小鎮項目) in Chengdu, jointly building characteristic towns, pastoral complexes and other projects.

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

Save as disclosed in the Company's announcements dated 21 July 2017 and 25 August 2017 in relation to the redemption of certain listed notes issued by the Company, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year end 31 December of 2017.

HUMAN RESOURCES

As at 31 December 2017, the Group employed a total of 5,446 employees (2016: 5,334). The employees of the Group were remunerated on the basis of their performance, experience and prevailing industry practices. The Group's remuneration policies and packages were reviewed by the remuneration committee of the Company and the Board on a regular basis. As an incentive for the employees, bonuses and cash awards may also be granted to the employees based on their individual performance evaluation.

CORPORATE GOVERNANCE CODE OF THE LISTING RULES

In the opinion of the Board, the Company had complied with the requirements of all the applicable code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited throughout the Year.

MODEL CODE OF THE LISTING RULES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the Company's code for dealing in securities of the Company by the Directors. Relevant employees who are likely to be in possession of unpublished inside information of the Group are also subject to compliance with the written guidelines on same terms as the Model Code.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") has reviewed the accounting principles and practices adopted by the Group and discussed the audit objectives, the scopes and the report of the internal audit department of the Group. The results of the Group for the year ended 31 December 2017 have been reviewed by the Audit Committee.

FORWARD LOOKING STATEMENTS

This announcement includes forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believe", "estimate", "anticipate", "expect", "intend", "may", "will" or "should" or, in each case, their negative, or other variations or similar terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this announcement and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects and growth strategies, and the industry in which the Greentown Group operates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industry in which the Greentown Group operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this announcement. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which the Greentown Group operates are consistent with the forward – looking statements contained in this announcement, those results or developments may not be indicative of results or developments in subsequent periods.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company (the "AGM") is proposed to be held on 15 June 2018 (Friday). A notice convening the AGM will be published and dispatched to the shareholders of the Company (the "Shareholders") in the manner as required by the Listing Rules in due course.

DIVIDENDS

The Board recommends the payment of a final dividend of RMB0.20 per share for the year ended 31 December 2017 (the "2017 Final Dividend") to the ordinary Shareholders whose names appear on the Company's register of members as of 26 June 2018 (Tuesday) (2016: RMB0.12 per share). Subject to approval of the Shareholders at the AGM, the 2017 Final Dividend is expected to be paid before the end of July 2018.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the following periods:

(i) From 12 June 2018 (Tuesday) to 15 June 2018 (Friday), both days inclusive, during which period no transfer of shares will be registered, for the purpose of ascertaining Shareholders' entitlement to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share register in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 11 June 2018 (Monday); and

(ii) From 22 June 2018 (Friday) to 26 June 2018 (Tuesday), both days inclusive, during which period no transfer of shares will be registered, for the purpose of ascertaining Shareholders' entitlement to the 2017 Final Dividend, if approved by the Shareholders at the AGM. In order to be eligible to the 2017 Final Dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share register in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 21 June 2018 (Thursday).

PUBLICATION OF ANNUAL REPORT

The annual report of the Group for the year ended 31 December 2017 containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chinagreentown.com).

APPRECIATION

The Board would like to take this opportunity to express gratitude to our shareholders, customers, suppliers, banks, professional parties and employees for their continuous patronage and support.

By order of the Board
Greentown China Holdings Limited
Fung Ching, Simon
Company Secretary

Hangzhou, the PRC
28 March 2018

As at the date of this announcement, the board of directors of the Company comprises seven executive directors, namely Mr Song Weiping, Mr Liu Wensheng, Mr Sun Guoqiang, Mr Shou Bainian, Mr Cao Zhounan, Mr Li Qingan, and Mr Li Yongqian, and four independent non-executive directors, namely Mr Jia Shenghua, Mr Ke Huanzhang, Mr Sze Tsai Ping, Michael and Mr Hui Wan Fai.