瑞安房地產
SHUI ON LAND

Shui On Land Limited
瑞安房地產有限公司*

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 272)

Announcement of 2016 Annual Results

HIGHLIGHTS

- **Record property sales:** 2016 was a very strong year for the Group property sales. Contracted property sales including contributions from its Dalian associates and other assets disposal increased by 7% to RMB22,975 million, representing a record high for the Group. A total gross floor area ("GFA") of 950,600 square metres ("sq.m.") was sold and pre-sold at an average selling price ("ASP") of RMB24,200 per sq.m.. As of 31 December 2016, total locked-in sales were RMB13,602 million, amounting to a total GFA of 502,100 sq.m.. These properties will be ready for delivery in 2017 and beyond.

- **Solid operating performance:** Gross profit increased by 250% year-on-year to RMB5,905 million, while operating profit increased by 427% year-on-year. Compared with 2015, gross profit margin increased 8 percentage points to 34% in 2016.

- **Significant revenue growth:** Turnover increased by 172% to RMB17,600 million. In addition to the property sales recognised as turnover, the Group also completed RMB5,700 million of asset disposals recognised under disposal of subsidiaries, being the disposal of 3 Corporate Avenue at Shanghai Taipingqiao. Rental and related income increased by 6% to RMB1,716 million.

- **38% increase in attributable net profit:** Profit for the year was RMB1,776 million in 2016, compared to RMB1,767 million in 2015. Profit attributable to shareholders was RMB1,088 million in 2016, representing a 38% increase compared to RMB788 million in 2015. The increase reflected our strong sales during 2016, and a decline in minority and convertible perpetual securities ownership interests.

- **Strengthened balance sheet:** The Group generated operating cash flow of RMB11,037 million during 2016, which in turn brought our cash and bank deposits to RMB15,567 million as of 31 December 2016. As a result, net gearing ratio was 68%, representing a decrease of 7 percentage points from 75% as at 30 June 2016 and a decrease of 13 percentage points from 81% as at 31 December 2015.

Website: www.shuionland.com

BUSINESS REVIEW – Executive Summary

Performance Highlights

	2016	2015	Year-on-Year Growth
Contracted Sales			
Contracted sales (RMB'million)	22,975	21,513	7%
Contracted GFA (sq.m.)	950,600	631,200	51%
Contracted ASP (RMB per sq.m.)	24,200	34,100	(29%)
Selected Financial Information (RMB'million)			
Turnover	17,600	6,472	172%
Gross profit	5,905	1,689	250%
Profit for the year	1,776	1,767	1%
Profit attributable to shareholders of the Company	1,088	788	38%
Core earnings	1,798	2,423	(26%)
Selected Balance Sheet Data (RMB'million)			
Total assets	122,213	117,170	4%
Cash and bank deposits	15,567	10,614	47%
Total indebtedness	47,123	47,992	(2%)
Net debt	31,556	37,378	(16%)
Total equity	46,256	46,118	0.3%
Selected Financial Ratios			
Gross profit margin	34%	26%	
Net profit margin	10%	27%	
Earnings per share (basic), RMB cents	14	10	
Net gearing (Net debt-to-equity ratio), at the end of year	68%	81%	
Average cost of indebtedness, at the end of year	6.1%	6.2%	
Landbank (GFA, million sq.m.)			
Total leasable and saleable landbank	8.6	9.4	

Property Sales

Recognised Property Sales

For the year 2016, total recognised property sales, including property sales recognised as turnover, disposal of investment properties, disposal of equity in subsidiaries and turnover of associates, was RMB21,960 million (after deduction of applicable taxes), representing an increase of 79%. Total GFA sold was 852,000 sq.m., with ASP decreased by 1% to RMB26,900 per sq.m.. The changes were mainly due to a change in property sales mix and higher ASP achieved when disposal of 1&2 Corporate Avenue at Shanghai Taipingqiao in 2015. In terms of the breakdown in total recognised sales:

- Property sales (after deduction of applicable taxes) accounted as turnover substantially increased by 256% to RMB15,604 million, on a total GFA of 684,700 sq.m.. ASP increased by 61% to RMB24,100 per sq.m.. Gross profit margin of property sales accounted as turnover was 30% in 2016 compared to 11% in 2015. The margin improvement was mainly due to increased contribution from Shanghai Taipingqiao, Shanghai Rui Hong Xin Cheng ("RHXC") and Wuhan Tiandi, which contributed RMB3,698 million, RMB3,618 million and RMB3,980 million respectively to the turnover.

- Property sales recognised as disposal of equity in subsidiaries amounted to RMB5,700 million, which was the *en-bloc* sales of 3 Corporate Avenue at Shanghai Taipingqiao for a total GFA of 87,300 sq.m..

- Property sales recognised as disposal of investment properties amounting to RMB58 million included the strata-title commercial property sales of various street front retail space in Chongqing and Shanghai RHXC for a total GFA of 1,700 sq.m..

- Recognised property sales for Dalian Tiandi amounted to RMB598 million, and its related profit or loss was recorded in the share of results of associates.

The table below summarises by project the recognised sales (stated after the deduction of applicable taxes) for 2016 and 2015:

Project	2016 Sales revenue	2016 GFA sold	2016 ASP[1]	2015 Sales revenue	2015 GFA sold	2015 ASP[1]
	RMB' million	sq.m.	RMB per sq.m.	RMB' million	sq.m.	RMB per sq.m.
Shanghai Taipingqiao						
Lakeville Luxe (Lot 116)	3,698	29,400	132,800	-	-	-
3 Corporate Avenue	5,700	87,300	65,300	-	-	-
1 & 2 Corporate Avenue	-	-	-	6,601	83,200	79,300
THE HUB Hotel	-	-	-	910	45,000	21,400
Shanghai RHXC						
Residential	3,618	53,600	73,400	126	2,500	53,400
Retail	47	1,000	50,000	14	300	49,500
Shanghai KIC						
Office	-	-	-	21	800	27,800
Residential	-	-	-	8	200	42,400
KIC Corporate Avenue Office	105	4,800	22,900	617	24,500	26,700
KIC Corporate Avenue Retail	3	200	15,000	-	-	-
Wuhan Tiandi						
Site B Residential	2,906	88,700	34,700	-	-	-
Site B Retail	-	-	-	13	290	48,000
3 Corporate Avenue	1,074	55,100	20,600	-	-	-
2 Corporate Avenue	-	-	-	883	42,500	22,000
Chongqing Tiandi						
Residential[2]	1,221	151,400	10,400	1,252	144,900	11,100
Office & Retail	236	12,100	20,700	96	3,900	26,100
Foshan Lingnan Tiandi						
Townhouses	26	1,300	21,500	186	7,900	25,000
Low-/mid-/high-rises	605	50,400	12,800	927	84,800	11,600
Retail	75	6,900	11,400	67	1,000	71,100
Other Assets Disposal (Lot 4)	1,842	231,500	8,000	-	-	-
Subtotal	**21,156**	**773,700**	**28,500**	**11,721**	**441,790**	**28,100**
Carparks and others	206	-	-	262	-	-
Dalian Tiandi[3]						
Mid-/high-rises	530	73,200	7,700	275	33,900	8,600
Villas	68	5,100	14,100	29	2,500	12,300
Total	**21,960**	**852,000**	**26,900**	**12,287**	**478,190**	**27,200**
Recognised as:						
- property sales in turnover of the Group[4]	15,604	684,700	24,100	4,380	309,890	15,000
- disposal of investment properties[4]	58	1,700	36,500	92	3,700	26,400
- disposal of hotel properties	-	-	-	910	45,000	21,400
- disposal of equity in subsidiaries holding commercial properties	5,700	87,300	65,300	6,601	83,200	79,300
- turnover of associates	598	78,300	8,100	304	36,400	8,900
Total	**21,960**	**852,000**	**26,900**	**12,287**	**478,190**	**27,200**

[1] *The calculation of ASP per sq.m. is based on gross sales revenue before the deduction of business tax/ value-added tax and other surcharges/taxes.*

[2] *ASP of Chongqing residential sales is based on net floor area, a common market practice in the region.*

[3] *Dalian Tiandi is a project developed by associates of the Group.*

[4] *Sales of commercial properties are recognised as "turnover" if the properties concerned are designated for sale prior to the commencement of development. Sales of commercial properties previously designated as held for capital appreciation or rental income are recognised as "disposal of investment properties".*

Contracted Property Sales and Other Assets Disposal

Contracted property sales and other assets disposal of the Group achieved a record high in 2016, having increased 7% to RMB22,975 million compared to RMB21,513 million in 2015. Residential property sales accounted for 71%, commercial property sales accounted for 22% while the remaining 7% was contributed by other assets disposal. ASP decreased by 29% to RMB24,200 per sq.m. compared to RMB34,100 per sq.m. in 2015 due to a change in property mix. The breakdowns of contracted sales are:

- Contracted property sales from residential properties and carparks (including those from Dalian) totalled RMB16,300 million, representing an increase of 96% over RMB8,335 million in 2015. The surge was mainly due to increased contributions from residential property sales in Shanghai projects which amounted to RMB11,699 million in 2016, compared to RMB2,939 million in 2015. This included the successful launches of the second batch of The Upper (Lot 9) and the first batch of The Gallery (Lot 2) at Shanghai RHXC and the continued sales at Lakeville Luxe (Lot 116) at Shanghai Taipingqiao. Sales performances of Wuhan, Chongqing, Foshan and Dalian remained stable in 2016.

- ASPs of the residential apartments across most of our projects recorded an increase in 2016; Shanghai Taipingqiao, Shanghai RHXC, Chongqing Tiandi and Foshan Lingnan Tiandi increased by 139%, while the ASPs of Wuhan and Dalian Tiandi remained stable compared to the previous year.

- Contracted commercial property sales, comprising a total GFA of 255,500 sq.m., amounted to RMB4,982 million, representing a decrease of 62% compared to RMB13,178 million in 2015. The major contributions were from Wuhan Tiandi 3 Corporate Avenue (GFA: 55,100 sq.m.) and Wuhan Tiandi Lot A1 (GFA: 177,100 sq.m.), which were disposed for RMB1,134 million and RMB3,365 million respectively. In addition, various office and retail properties located in Shanghai, Chongqing and Foshan were strata-titled and sold to individual buyers. The Group also disposed Lot 4 at Foshan Lingnan Tiandi with a total GFA of 231,500 sq.m..

- In addition to the contracted property sales and other assets disposal outlined above, as of 31 December 2016, a total GFA of 19,500 sq.m., amounting to a total value of RMB1,576 million, was subscribed and subject to formal sales and purchase agreements.

The table below provides an analysis by project of contracted sales (stated before the deduction of applicable taxes) for 2016 and 2015:

Project	2016 Contracted amount	2016 GFA sold	2016 ASP	2015 Contracted amount	2015 GFA sold	2015 ASP
	RMB' million	sq.m.	RMB per sq.m.	RMB' million	sq.m.	RMB per sq.m.
Residential property sales:						
Shanghai Taipingqiao						
Lakeville Luxe (Lot 116)	4,375	32,600	134,200	380	3,000	126,700
Shanghai RHXC	7,324	85,700	85,500	2,559	37,200	68,800
Wuhan Tiandi						
Site B Residential	1,586	49,600	32,000	2,027	58,900	34,400
Chongqing Tiandi						
Residential[1]	1,529	161,500	11,500	1,606	186,700	10,500
Foshan Lingnan Tiandi						
Townhouses	7	300	23,300	100	4,300	23,300
Low-/mid-/high-rises	429	32,000	13,400	835	68,900	12,100
Dalian Tiandi[2]						
Mid-/high-rises	837	95,300	8,800	548	62,800	8,700
Villas	74	6,600	11,200	27	2,300	11,700
Carparks and others	139	-	-	253	-	-
Subtotal for residential property sales	**16,300**	**463,600**	**35,200**	**8,335**	**424,100**	**19,700**
Commercial property sales:						
Shanghai Taipingqiao						
1&2 Corporate Avenue	-	-	-	6,601	83,200	79,300
3 Corporate Avenue	-	-	-	5,700	87,300	65,300
Shanghai RHXC	130	4,700	27,700	65	1,260	51,600
Shanghai KIC						
1 & 2 KIC Corporate Avenue (Offices)	-	-	-	601	22,800	26,400
Retail	3	200	15,000	-	-	-
Office	110	4,800	22,900	43	1,450	29,700
Wuhan Tiandi						
3 Corporate Avenue (Lot A3 Office)	1,134	55,100	20,600	-	-	-
Lot A1 Office	3,365	177,100	19,000	-	-	-
Site B Retail	-	-	-	14	290	48,000
Chongqing Tiandi						
Office	89	7,200	12,400	27	2,200	12,300
Retail	87	4,600	18,900	70	2,600	26,900
Foshan Lingnan Tiandi						
Retail	50	1,800	27,800	16	200	80,000
Kindergarten	-	-	-	41	5,800	7,100
Carparks and others	14	-	-	-	-	-
Subtotal for commercial property sales	**4,982**	**255,500**	**19,500**	**13,178**	**207,100**	**63,600**
Other assets disposal:						
Foshan Lingnan Tiandi (Lot 4)	**1,693**	**231,500**	**7,300**	**-**	**-**	**-**
Grand total	**22,975**	**950,600**	**24,200**	**21,513**	**631,200**	**34,100**

[1] *ASP of Chongqing residential sales is based on net floor area, a common market practice in the region.*
[2] *Dalian Tiandi is a project developed by associates of the Group.*

Residential GFA Available for Sale and Pre-sale in 2017

The Group has approximately 329,300 sq.m. of residential GFA spanning five projects, available for sale and pre-sale during 2017, as summarised below:

Project		**Available for sale and pre-sale in 2017**
		GFA in sq.m.
Shanghai Taipingqiao	Lakeville Luxe (Lot 116) (High-rises)	51,900
Shanghai RHXC	High-rises	66,300
Chongqing Tiandi	High-rises	63,900
Foshan Lingnan Tiandi	Townhouses and Low-rises	8,600
Dalian Tiandi	Villas, High-rises and Serviced Apartments	138,600
Total		**329,300**

By way of a cautionary note, the actual market launch dates depend on and will be affected by factors such as construction progress, changes in market environments, and changes in government regulations.

__Property Development Progress__

Property Completed in 2016 and Development Plans for 2017 and 2018

The table below summarises the projects with construction completed in 2016 and construction work that is planned for completion in 2017 and 2018:

Project	Residential	Office	Retail	Hotel/ serviced apartments	Subtotal	Clubhouse, carpark and other facilities	Total
	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.
Actual delivery in 2016							
Shanghai Taipingqiao	47,000	-	-	-	47,000	-	47,000
Shanghai RHXC	85,000	-	2,000	-	87,000	31,000	118,000
Shanghai KIC	-	-	-	22,000	22,000	-	22,000
Wuhan Tiandi	88,000	55,000	114,000	-	257,000	148,000	405,000
Chongqing Tiandi	133,000	14,000	15,000	-	162,000	84,000	246,000
Foshan Lingnan Tiandi	-	-	2,000	-	2,000	-	2,000
Dalian Tiandi[1]	78,000	-	-	-	78,000	25,000	103,000
Total	**431,000**	**69,000**	**133,000**	**22,000**	**655,000**	**288,000**	**943,000**
Planned for delivery in 2017							
Shanghai Taipingqiao	47,000	-	-	-	47,000	33,000	80,000
Shanghai RHXC	104,000	-	1,000	-	105,000	44,000	149,000
Wuhan Tiandi	41,000	-	71,000	-	112,000	78,000	190,000
Chongqing Tiandi	111,000	-	14,000	-	125,000	53,000	178,000
Dalian Tiandi[1]	26,000	-	-	14,000	40,000	15,000	55,000
Total	**329,000**	**-**	**86,000**	**14,000**	**429,000**	**223,000**	**652,000**
Planned for delivery in 2018							
Chongqing Tiandi	80,000	-	23,000	-	103,000	32,000	135,000
Dalian Tiandi[1]	43,000	-	-	-	43,000	30,000	73,000
Total	**123,000**	**-**	**23,000**	**-**	**146,000**	**62,000**	**208,000**

[1] *Dalian Tiandi is a project developed by associates of the Group.*

By way of a cautionary note, the actual completion date depends on and will be affected by construction progress, changes in the market environments, changes in government regulations and other factors.

The following section provides further details of the development progress and completion of each of the projects located in Shanghai, Wuhan, Chongqing, Foshan and Dalian.

Shanghai Taipingqiao

Lakeville Luxe (Lot 116) with a total GFA of 94,000 sq.m. residential apartments, the first batch was launched in December 2015 and was well received by the market. A total GFA of 47,000 sq.m. was completed and has been delivered to the buyers since December 2016 while the remainder is planned to be launched in 2017.

Shanghai RHXC

The Upper (Lot 9), with a total GFA of 85,000 sq.m. of residential apartments and 2,000 sq.m. of ancillary retail with the first batch being launched for pre-sale in October 2015 and the second batch was launched for pre-sale in February 2016, have been completed and delivered in November 2016. The Gallery (Lot 2), with a total GFA of 104,000 of residential and 1,000 sq.m. of ancillary retail, with the first batch with a total GFA of 40,000 sq.m. being launched for pre-sale in June 2016, is scheduled for completion and delivery in 2017.

Hall of the Moon (Ruihong Tiandi Lot 3) completed construction in late 2015, with a total leasable GFA of 64,000 sq.m. for a retail podium. The retail podium commenced operation in December 2016 and its anchor tenants include G-Super, H&M, UNIQLO, Modern Sky and Emperor UA Cinema. The occupancy rate reached 61% as of 31 December 2016.

Shanghai KIC

A hotel building located at Lot 311 with a total GFA of 22,000 sq.m. was completed in September 2016.

Wuhan Tiandi

La Riva (Lot B14), with a total GFA of 88,000 sq.m. for residential use was completed and delivered in 2016. Park View (Lot B5) with a total GFA of 41,000 sq.m. for residential apartments was launched for pre-sale in December 2015 and is scheduled for completion in 2017. Park Place (Lot B4/5 Retail) with a total GFA of 71,000 sq.m. for retail use has been under construction since 2015 and is planned for completion in 2017.

In May 2016, two office buildings, namely 3 Corporate Avenue (Lot A3) and Lot A1 located at Wuhan Tiandi with an estimated saleable GFA of 232,000 sq.m. for office use, were disposed of for RMB4,499 million. 3 Corporate Avenue with a total GFA of 55,000 sq.m. was delivered to the buyer in October 2016 for RMB1,134 million and Lot A1 is targeted to be completed and delivered in 2020.

HORIZON (a shopping mall at Lots A1/A2/A3) with a total GFA of 114,000 sq.m. commenced operation in September 2016, major tenants include Cinema PALACE, King of Party, and Skyland Food Court. The occupancy rate was 79% as of 31 December 2016.

Chongqing Tiandi

A total GFA of 133,000 sq.m. of residential apartments, 14,000 sq.m. of office developments and 15,000 sq.m. of retail use were completed in 2016. It included The Riviera VI stage 2 (Lot B16 phase 2) with a total GFA of 103,000 sq.m. for residential apartments and 5,000 sq.m. for ancillary retail use; Lake Ville Phase 1 (Lot B9) with a total GFA of 30,000 sq.m. for residential apartments, 14,000 sq.m. for office developments and 10,000 sq.m. for retail use. Lake Ville Phase 2 (Lot B6) with a total GFA of 111,000 sq.m. for residential use and 14,000 sq.m. for retail use are under construction and is scheduled for completion in 2017.

Foshan Lingnan Tiandi

Construction work of Lot E was completed in 2015, comprising NOVA (a shopping mall) with a GFA of 73,000 sq.m. and 15,000 sq.m. for office use. The shopping mall commenced operation on 30 April 2016, with an occupancy rate of 84% as of 31 December 2016. Subsequently, a total GFA of 2,000 sq.m. of retail use at Lot E metro corridor was also completed in 2016.

Dalian Tiandi

At Huangnichuan (Site C of Dalian Tiandi), Lot E02a phases 2&3 for a total GFA of 60,000 sq.m. for residential apartments were completed in 2016. At Hekou Bay (Site A of Dalian Tiandi), GFA of 18,000 sq.m. of residential use was completed in 2016. A total GFA of 137,000 sq.m. for residential use, 65,000 sq.m. for office space, 14,000 sq.m. for retail space and 14,000 sq.m. for serviced apartment use are under construction. They are planned for completion progressively from 2017 to 2020.

By way of a cautionary note, the actual completion date depends on and will be affected by construction progress, changes in market environments, changes in government regulations and other factors. The Group plans its project construction in advance while adapting to government policy changes, as well as implemented operational tactics to enhance turnover and increase development efficiency. The Group will nevertheless, adjust the progress of construction, delivery plan and launch schedules, in accordance with the sales conditions of each project, and with respect to the rapid changing market conditions.

Investment Property

Rental and related income from investment properties increased by 6% to RMB1,716 million in 2016 despite losing 1-3 Corporate Avenue at Shanghai Taipingqiao from the portfolio. The increase reflected continued leasing progress made at THE HUB at Shanghai Hongqiao Transportation Hub, the opening of NOVA at Foshan Lingnan Tiandi, HORIZON at Wuhan Tiandi, and Hall of the Moon at Shanghai RHXC, plus rental growth from the existing completed investment property portfolio.

Occupancy within the office property portfolio increased noticeably, driven by leasing activity at the office properties of 5, 6 and 7 KIC Corporate Avenue, and THE HUB, reflecting progresses made following their completion since late 2014. Occupancy rate of 5, 6 and 7 KIC Corporate Avenue increased 22 percentage points from 2015 to 99.5% as of 31 December 2016. Key new tenants include Deloitte, TCL, Lubansoft and Angelalign. At THE HUB, the combined occupancy rate of the four office towers had reached 95% as of 31 December 2016. New leases executed during the 2016 include Naked Retreat, Lion Travel and ANTA Sport Products. These tenants joined other well-known corporate tenants including Acer, Sherwin Williams, Shell, HSBC, Roche Diagnostics, Prosnav, Grundfos and Keyence.

Occupancy levels of the completed retail portfolio also increased sharply, led by robust leasing activities at THE HOUSE of Shanghai Taipingqiao and THE HUB, also three newly opened commercial properties, NOVA, HORIZON and Hall of the Moon. Occupancy rates of these five operating properties have reached 100%, 79%, 84%, 79% and 61% respectively, with tenants progressively moving in since late 2015. The asset enhancement initiative (“AEI”) project at THE HOUSE, which has a leasable GFA of 7,000 sq.m., was completed in August 2015 and its anchor tenant Naked Hub, commenced its lease in June 2016. The combined retail portfolio of THE HUB has a total GFA of 151,000 sq.m. including Xintiandi, the office retail and shopping mall. Tenants include Shanghai Tang Café, Pizza Express, H&M, GAP, Muji, Emperor UA Cinema and Food Republic Food. NOVA, a shopping mall (including the metro corridor) with a total leasable GFA of 75,000 sq.m. can accommodate over 150 shops. The shopping mall offers a wide tenant mix. HORIZON with a total GFA of 114,000 sq.m. commenced operation in September 2016, major tenants include Cinema PALACE, King of Party, Skyland Food Court. Hall of the Moon with a leasable GFA of 64,000 sq.m. for a retail podium, commenced operation in December 2016 and its anchor tenants include G-Super, H&M, UNIQLO, Modern Sky and Emperor UA Cinema. We expect more rental and related income will be contributed from these newly operated commercial properties in 2017.

Rental income and the related profit or loss from investment properties located in Dalian Tiandi was recorded in the share of results of associates.

The table below provides an analysis of the rental and related income from investment properties (excluding income from hotel operations) for 2016, 2015 and 2014 and the percentage of leases in GFA by property with lease expiring from 2017 to 2019:

Project	**Product**	**Leasable GFA**	**Rental & related income RMB'million**			**Year on year change**		**Leases expire in % of GFA**		
		sq.m.	**2016**	**2015**	**2014**	**2016**	**2015**	**2017**	**2018**	**2019**
Shanghai Taipingqiao										
Shanghai Xintiandi	**Office/ Retail**	54,000	360	302	297	19%	2%	14%	25%	30%
Xintiandi Style	**Retail**	26,000	82	82	69	0%	19%	38%	31%	14%
1 & 2 Corporate Avenue[1]	**Office/ Retail**	-	-	177	253	-	(30%)	-	-	-
3 Corporate Avenue[2]	**Office/ Retail**	87,000	15	76	-	(80%)	-	-	-	-
Shui On Plaza[3]	**Office/ Retail**	52,000	153	146	126	5%	16%	72%	12%	13%
Langham Xintiandi Hotel Retail Portion[4]	**Retail**	-	-	-	14	-	-	-	-	-
THE HUB	**Office/ Retail**	244,000	269	186	39	45%	377%	4%	9%	11%
Shanghai RHXC[5]	**Retail**	128,000	97	73	65	33%	12%	10%	11%	29%
Shanghai KIC[3]	**Office/ Retail/ Hotel**	240,000	349	270	219	29%	23%	16%	29%	39%
Hangzhou Xihu Tiandi[4]	**Retail**	-	-	-	8	-	-	-	-	-
Wuhan Tiandi	**Retail**	160,000	144	92	74	57%	24%	8%	9%	21%
Chongqing Tiandi	**Retail**	134,000	49	40	33	23%	21%	2%	8%	7%
Foshan Lingnan Tiandi	**Retail**	139,000	120	95	81	26%	17%	5%	5%	18%
Total		**1,264,000**[4]	**1,638**	**1,539**	**1,278**	**6%**	**20%**	**13%**	**15%**	**21%**

[1] *1 & 2 Corporate Avenue were disposed of on 31 August 2015 and therefore only eight months' rental and related income were reflected in 2015.*

[2] *3 Corporate Avenue was disposed of on 2 February 2016 and therefore only approximately one month's rental and related income was recognised and reflected in 2016.*

[3] *A total GFA of 15,000 sq.m. was occupied as offices by the Group. They are located at Shanghai Shui On Plaza (8,000 sq.m.) and Shanghai KIC (7,000 sq.m.).*

[4] *Shanghai Langham Xintiandi Hotel Retail Portion and Hangzhou Xihu Tiandi were disposed of in 2014 and were excluded from the leasable GFA calculation in this table.*

[5] *Hall of the Moon at Shanghai RHXC with a total GFA of 64,000 sq.m. was newly opened in December 2016 and therefore only approximately one month's rental and related income was recognised and reflected in 2016.*

The table below summarises the portfolio of completed investment properties together with their respective occupancy rates:

	Leasable GFA (sq.m.)				Occupancy rate		
Project	Office	Retail	Hotel/ Serviced Apartments	Total	31 December 2016	31 December 2015	Group's interest
Completed before 2016							
Shanghai Taipingqiao							
Shanghai Xintiandi	4,000	43,000	-	47,000	99%	99%	78.11%
THE HOUSE	-	7,000	-	7,000	100%	N/A	78.11%
Xintiandi Style	-	26,000	-	26,000	99%	99%	77.33%
Shui On Plaza	32,000	28,000	-	60,000	100%	96%	62.49%[1]
THE HUB							
Office Towers 1, 2, 3 and 5	93,000	4,000	-	97,000	95%	80%	78.11%
Mall and Xintiandi[2]	-	147,000	-	147,000	79%	69%	78.11%
Shanghai RHXC							
The Palette 1, 2, 3 and 5	-	45,000	-	45,000	100%	96%	99.00%[3]
Hall of the Stars (Ruihong Tiandi Lot 6)	-	19,000	-	19,000	97%	96%	99.00%
Hall of the Moon (Ruihong Tiandi Lot 3)	-	64,000	-	64,000	61%	N/A	99.00%
Shanghai KIC							
1-3 and 5-12 KIC Plaza	95,000	42,000	-	137,000	89%	94%	86.80%
KIC Village R1 and R2	11,000	11,000	-	22,000	93%	98%	86.80%
KIC Village 12-8	5,000	-	-	5,000	100%	N/A	86.80%
5, 6 and 7 KIC Corporate Avenue	53,000	8,000	-	61,000	94%	74%	99.00%
Wuhan Tiandi							
Wuhan Xintiandi	-	46,000	-	46,000	95%	97%	78.11%
Chongqing Tiandi							
The Riviera I, II & III	-	6,000	-	6,000	98%	88%	99.00%
Chongqing Tiandi (Lot B3/01)	-	49,000	-	49,000	83%	63%	99.00%
2 Corporate Avenue Retail	-	11,000	-	11,000	100%	100%	99.00%
6, 7 and 8 Corporate Avenue Retail	-	68,000	-	68,000	81%	76%	99.00%
Foshan Lingnan Tiandi							
Lingnan Tiandi (Phases 1 and 2)	-	49,000	-	49,000	82%	85%	100.00%
Shui On New Plaza (Lot D retail podium)	-	15,000	-	15,000	2%	2%	100.00%
NOVA	-	73,000	-	73,000	84%	N/A	100.00%
Dalian Tiandi							
Aspen and Maple Towers (Site D22)	42,000	-	-	42,000	77%	79%	48.00%
Acacia and Lynwood Towers (Site D14)	52,000	-	-	52,000	77%	77%	48.00%
Ambow (Training School)	113,000	-	-	113,000	100%	100%	48.00%
IT Tiandi (D10 Retail)	-	41,000	-	41,000	53%	59%	48.00%
Subtotal	500,000	802,000	-	1,302,000			
New completions in 2016							
Shanghai KIC							
Lot 311 Hotel	-	-	22,000	22,000			99.00%
Wuhan Tiandi							
HORIZON (Lots A1/2/3 Retail)	-	114,000	-	114,000			100.00%
Foshan Lingnan Tiandi							
Lot E Metro Corridor	-	2,000	-	2,000			100.00%
Subtotal	-	116,000	22,000	138,000			
As of 31 December 2016 investment properties held by:							
- Subsidiaries of the Group	293,000	877,000	22,000	1,192,000			
- Associated companies	207,000	41,000	-	248,000			
Total leasable GFA as of 31 December 2016	**500,000**	**918,000**	**22,000**	**1,440,000**[4]			
Total leasable GFA as of 31 December 2015	**554,000**	**815,000**	**-**	**1,369,000**[4]			

[1] *The Group has a 62.49% interest in Shui On Plaza, except for a GFA of 2,000 sq.m. at the Shui On Plaza 15th floor, in which the Group has an effective interest of 78.11%.*

[2] *Including retail space in the basement.*

[3] *The Group has 99.0% in The Palette 2, 3 and 5 and 100% interest in The Palette 1.*

[4] *Self-use properties are classified as property, plant and equipment in the consolidated statement of financial position.*

The table below summarises the carrying value of the remaining investment properties at valuation as of 31 December 2016 together with the change in fair value for 2016:

Project	Leasable GFA	Increase /(decrease) in fair value for 2016	Carrying value as of 31 December 2016	Carrying value per GFA	Valuation gain /(loss) to carrying value
	sq.m.	RMB'million	RMB'million	RMB per sq.m.	%
Completed investment properties at valuation					
Shanghai Taipingqiao					
Shanghai Xintiandi & Xintiandi Style	80,000	155	7,325	91,600	2%
Shui On Plaza	52,000	24	3,505	67,400	1%
THE HUB	244,000	4	8,501	34,800	0%
Shanghai RHXC	128,000	510	4,172	32,600	12%
Shanghai KIC	240,000	80	7,162	29,800	1%
Wuhan Tiandi	160,000	430	5,463	34,100	8%
Chongqing Tiandi	134,000	(91)	1,765	13,200	(5%)
Foshan Lingnan Tiandi	139,000	46	4,172	30,000	1%
Subtotal	**1,177,000**	**1,158**	**42,065**	**35,700**	**3%**
Assets classified as held for sale at valuation					
Shanghai RHXC	**16,000**	**75**	**476**	**29,800**	**16%**
Investment properties under development at valuation					
Wuhan Tiandi	71,000	41	1,006	14,200	4%
Chongqing Tiandi	388,000	(98)	1,993	5,100	(5%)
Subtotal	**459,000**	**(57)**	**2,999**	**6,500**	**(2%)**
Total of the remaining investment properties at valuation	**1,652,000**	**1,176**	**45,540**	**27,600**	**3%**

Note: Hotels and self-use properties are classified as property, plant and equipment in the consolidated statement of financial position, and leasable GFA of which is excluded from this table.

The carrying value of the completed investment properties (excluding hotels and self-use properties) with a total GFA of 1,177,000 sq.m., was RMB42,065 million as of 31 December 2016. Of this sum, RMB1,158 million (representing 3% of the carrying value) arose from increased fair value during 2016, which was mainly contributed by the fair value gain on Hall of the Moon at Shanghai RHXC and HORIZON at Wuhan Tiandi. The properties located in Shanghai, Wuhan, Chongqing and Foshan, respectively contributed 73%, 13%, 4% and 10% of the carrying value.

The carrying value of the investment properties under development at valuation for a total GFA of 459,000 sq.m. was RMB2,999 million as of 31 December 2016.

Except for the above-mentioned investment properties at valuation, the carrying value of the remaining commercial-use landbank was stated at cost of RMB11,556 million.

Landbank

As of 31 December 2016, the Group's landbank, including the contribution of its Dalian associates, stood at a total GFA of 10.8 million sq.m. (comprising 8.6 million sq.m. of leasable and saleable area, and 2.2 million sq.m. for clubhouses, car parking spaces and other facilities) spread across eight development projects located in the prime areas of five major PRC cities, namely: Shanghai, Wuhan, Chongqing, Foshan and Dalian.

Of the total leasable and saleable GFA of 8.6 million sq.m., the sum of 1.7 million sq.m. was completed, and held for sale and/or investment. Approximately 3.1 million sq.m. was under development, and the remaining 3.8 million sq.m. was held for future development.

Relocation of RHXC and Shanghai Taipingqiao

The relocation of RHXC Lots 10, 1 & 7 is in progress. 99.9%, 98% and 95% of residents in Lot 10, Lot 1 and Lot 7 respectively, have signed relocation agreements as of 31 December 2016. Lots 1 and 7 will be developed into high-end residential apartments and Lot 10 will be developed into a commercial complex with two Grade-A office buildings and a shopping mall. As of 31 December 2016, a total amount of relocation cost of RMB10,445 million had been paid. The estimated outstanding relocation cost of RMB1,826 million is expected to be paid progressively in 2017 and 2018. The relocation of these three sites is planned to be completed from 2017 to 2018.

The relocation of Taipingqiao Lot 118 started in the fourth quarter of 2014 and 100% of residents had signed relocation agreements as of 31 December 2016. As of 31 December 2016, relocation cost of RMB4,800 million had been paid. The estimated outstanding relocation cost of RMB500 million is expected to be paid in 2017. Lot 118 is planned to be developed into a high-end residential apartments. The construction works will be commenced in 2017.

Relocation plans and the timetable for the remaining 416,000 sq.m. and 230,000 sq.m. of GFA located at Shanghai Taipingqiao and RHXC, respectively, have yet to be determined. The relocation plans of these sites are subject to final proposal and agreement terms among relevant parties.

Details of the relocation progress for the respective lots are provided below:

Project	Percentage of relocation as of 31 December 2016	Leasable and saleable GFA	Relocation cost paid as of 31 December 2016	Estimated outstanding relocation cost as of 31 December 2016	Actual/ Estimated relocation completion year
		sq.m.	RMB'million	RMB'million	
Site Cleared in 2016					
Taipingqiao Lot 118 (Residential)	100%	80,000	4,800	500	2016
		80,000	4,800	500	
Sites Under Relocation in 2016					
RHXC Lot 10	99.9%	338,000	2,587	343	2017
RHXC Lot 1 (Residential)	98%	110,000	3,924	870	2017
RHXC Lot 7 (Residential)	95%	159,000	3,934	613	2017-2018
		607,000	10,445	1,826	
Total		**687,000**	**15,245**	**2,326**	

By way of a cautionary note, the actual completion date and relocation cost of the above-mentioned sites depend on and will be affected by changes in government regulations, negotiations with relevant parties and other factors. The above represents the best estimates as of the reporting period.

The Group's total landbank as of 31 December 2016, including that of its associates, is summarised below:

Project	Approximate/Estimated leasable and saleable GFA: Residential	Office	Retail	Hotel/ serviced apartments	Subtotal	Clubhouse, carpark and other facilities	Total	Group's interest
	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	%
Completed properties:								
Shanghai Taipingqiao	18,000	36,000	104,000	-	**158,000**	59,000	**217,000**	99.00%[1]
Shanghai RHXC	32,000	-	130,000	16,000	**178,000**	125,000	**303,000**	100.00%[2]
Shanghai KIC	-	164,000	63,000	22,000	**249,000**	149,000	**398,000**	86.80%[3]
THE HUB	-	93,000	170,000	-	**263,000**	72,000	**335,000**	78.11%
Wuhan Tiandi	-	-	160,000	-	**160,000**	167,000	**327,000**	100.00%[4]
Chongqing Tiandi	3,000	11,000	152,000	-	**166,000**	230,000	**396,000**	99.00%
Foshan Lingnan Tiandi	10,000	15,000	159,000	43,000	**227,000**	157,000	**384,000**	100.00%
Dalian Tiandi	69,000	207,000	41,000	-	**317,000**	176,000	**493,000**	48.00%[5]
Subtotal	132,000	526,000	979,000	81,000	**1,718,000**	1,135,000	**2,853,000**	
Properties under development:								
Shanghai Taipingqiao	127,000	-	-	-	**127,000**	33,000	**160,000**	99.00%[1]
Shanghai RHXC	371,000	156,000	185,000	-	**712,000**	160,000	**872,000**	99.00%[2]
Wuhan Tiandi	149,000	177,000	71,000	-	**397,000**	94,000	**491,000**	100.00%
Chongqing Tiandi	439,000	277,000	157,000	25,000	**898,000**	307,000	**1,205,000**	99.00%
Foshan Lingnan Tiandi	-	-	7,000	-	**7,000**	-	**7,000**	100.00%
Dalian Tiandi	381,000	206,000	188,000	144,000	**919,000**	292,000	**1,211,000**	48.00%[5]
Subtotal	1,467,000	816,000	608,000	169,000	**3,060,000**	886,000	**3,946,000**	
Properties for future development:								
Shanghai Taipingqiao	86,000	174,000	118,000	38,000	**416,000**	44,000	**460,000**	99.00%
Shanghai RHXC	83,000	69,000	78,000	-	**230,000**	2,000	**232,000**	100.00%[2]
Wuhan Tiandi	135,000	166,000	94,000	-	**395,000**	-	**395,000**	100.00%
Chongqing Tiandi	100,000	143,000	160,000	50,000	**453,000**	126,000	**579,000**	99.00%
Foshan Lingnan Tiandi	147,000	450,000	107,000	80,000	**784,000**	2,000	**786,000**	100.00%
Dalian Tiandi[6]	394,000	867,000	262,000	42,000	**1,565,000**	-	**1,565,000**	48.00%[5]
Subtotal	945,000	1,869,000	819,000	210,000	**3,843,000**	174,000	**4,017,000**	
Total landbank GFA	**2,544,000**	**3,211,000**	**2,406,000**	**460,000**	**8,621,000**	**2,195,000**	**10,816,000**	

[1] *The Group has a 99.0% interest in all the remaining lots, except for Shanghai Xintiandi, Xintiandi Style, Shui On Plaza, 15th floor in Shui On Plaza and Lot 116, in which the Group has an effective interest of 78.11%, 77.33%, 62.49%, 78.11% and 56.7456%, respectively.*

[2] *The Group has a 100.0% effective interest in RHXC Phase 1, Lot 167A and Lot 167B and 99.0% interest in all the remaining lots.*

[3] *The Group has an 86.8% interest in all the remaining lots, except for KIC Lot 311 in which the Group has an effective interest of 99.0%.*

[4] *The Group has a 100.0% effective interest in all the remaining lots, except for Wuhan Xintiandi in which the Group has an effective interest of 78.11%.*

[5] *The Group has a 48.0% effective interest in Dalian Tiandi, except for Lots C01, C03, B08, B09 and E02a in which the Group has a 44.72% effective interest.*

[6] *Dalian Tiandi is expected to have a landbank of 3.3 million in GFA. As of 31 December 2016, approximate 3.0 million sq.m. had been acquired. The remaining GFA of approximate 0.3 million sq.m. is expected to be acquired through public bidding in due course.*

Land Acquisition

Wuhan Optics Valley Central City Site

On 24 January 2017, Hua Xia Rising (Hong Kong) Limited ("Hua Xia Rising"), a joint venture company owned indirectly as to 50% by the Group and 50% by CITIC, made a successful bid for a land (the "Land") in East Lake High-tech Development Zone, Wuhan. Total land cost was RMB2,298 million for a GFA of 1,284,000 sq.m., RMB1,790 per sq.m. on average. The amount for land payment by the Group is expected to be approximately RMB1,410 million.

The Land is in the central area of Optics Valley Central City which is the administrative services centre and business centre of Optics Valley. Optics Valley is in Wuhan East Lake High-tech Development Zone and ranked in the top 10 among the 114 high-tech zones in China in 2015, which is one of the National Innovation Demonstration and the Free Trade Zones in China. Optics Valley Central City serves as the engine of the national innovation city and is planned to be a world-class innovation centre.

MARKET OUTLOOK

Rising nationalism and the current wave of anti-establishment sentiment sweeping across the western world are creating heightened uncertainty for 2017. Terrorism and refugee issues will continue to haunt the global economy, while the difficult task of Brexit continues to damage unity within the European Union. A series of elections in the Eurozone may also upset the status quo, as changes in political leadership can undermine investor confidence. Geopolitical tension in North Korea and the South China Sea may flare up under the Trump administration, which could adversely alter the trade and investment outlook for Asia.

China succeeded in stabilising GDP growth at 6.7% in 2016 while making some progress in reducing excess capacity through the government's supply side restructuring initiatives. The economy is now entering a crucial political transition period as five out of seven current positions in the Politburo Standing Committee, the top decision-making body of the country, are up for replacement at the 19th Party Congress towards end of the year. In its January 2017 World Economic Outlook, the IMF adjusted its China growth forecast to be in line with the government's 6.5% target. However, in view of external economic headwinds and rising corporate debts, the central government appears willing to tolerate a slower growth pace, while placing a greater policy emphasis on growth quality this year.

Exchange rate volatility is a key challenge facing the Chinese economy, and the RMB is expected to come under pressure in view of the Federal Reserve Board's monetary tightening as the US economy continues to strengthen. China's foreign-exchange reserves stabilized at around USD3 trillion in early 2017, as the government moved to tighten its grip on capital outflow to deter speculative attacks on the RMB and steer an orderly adjustment of the exchange rate. It is expected that the PBOC will continue to manage the RMB value to maintain stability with reference to the CFETS basket of currencies.

China's housing market experienced a spectacular year in 2016. The total sales area of residential housing reached 13.75 billion square metres, while the total sales value reached RMB9.91 billion, both of which were historical highs, and represented an annual increase of 22.4% and 36.1%, respectively. Given the central government's new policy guidance to curb asset bubbles and prevent the build up of financial sector risks, we expect a slowdown in property transactions this year, led by Tier 1 and 2 cities.

In the office sector, the demand for agile workplaces continues to gain popularity, and there are now over 350 co-working spaces in Shanghai. This market is entering a new phase whereby operators provide not only working space and shared facilities, but also a social platform for their tenants. Such changes have been driven by the arrival of the Millennials, who prefer flexible work schedules and a shared workplace environment. Commercial retail market demand has remained strong, underpinned by an expanding middle-class consumer, which drove national retail sales growth of 10.4% to RMB33.2 trillion in 2016. However, the focus of growth has gradually shifted towards online sales, marked by a much faster growth pace of 26.2%.

Shanghai's GDP growth reached 6.8% in 2016, and the government has set a 6.5% growth target for 2017. The government intends to add 50,000 affordable housing units this year to maintain adequate residential supply, and aims to speed up innovation and technology development to maintain a robust pace of economic growth. Policies have been put in place to establish Shanghai as an innovation centre with global influence, and developing the Zhangjiang Comprehensive National Science Centre into a world-class innovation hub is a priority.

Wuhan achieved 7.8% GDP growth in 2016, with high-tech industries and the services sector contributing as new economic drivers. The municipal government has pushed through various reforms to align its economic structure with the new digital economy. Economic growth has been helped by a strong housing market, and beginning in September 2016 the government introduced home purchase restrictions to stabilise house prices. The State Council recently approved the establishment of Hubei Free Trade Zone (FTZ) in Wuhan's Optics Valley. Wuhan was also named one of China's National Central Cities, which will further enhance the city's leading role in central China and help to advance the city's economic development.

Chongqing maintained its position as a top economic performer with GDP growth of 10.7% in 2016. The municipality has made steady progress in supply-side restructuring and state-owned enterprise reform. Per 13th Five Year Plan, high-tech and financial services industries will play a bigger role and are projected to account for 25% and 11% of total industry output by 2020, respectively. Chongqing has also made good progress towards reducing its housing inventory, which should help the market grow steadily under a healthy supply-demand balance this year.

Foshan's economy achieved 8.3% growth in 2016 amid industrial transformation and economic restructuring. Per the recently announced Foshan Urban Master Plan (2011-2020), the city will build nine subway lines to connect with Guangzhou and establish a one-hour metropolitan circle between the two cities. Foshan has made a strong move to ease its residence registration system and introduce a talent recruitment program. The goal is to raise the city's population to 9.1 million by 2020, up from 7.4 million in 2015.

Dalian's GDP recovered steadily throughout 2016 and charted a 6.5% growth for the year. The government aims to leverage its financial services sector growth to become a regional financial centre serving Northeast Asia. The city is an important destination for foreign investment, attracting USD2.26 billion in FDI during the first three quarters of 2016. Residential sales volume and average prices both increased during 2016, and the outlook remains stable this year.

Looking ahead, US-China relations, currency volatility, credit growth and SOE reforms are key issues affecting economic growth in 2017. With China's monetary policy switching to a tightening bias it will be a challenging year for the residential property sector. To cope with a slowdown in market transactions and an uncertain operational environment, developers need to be vigilant and act to reduce financing costs and improve cash flows. We will closely monitor changes in global and domestic market conditions and provide scenario analysis to help make any necessary adaptations in line with evolving market developments.

The Board of Directors (the "Board") of Shui On Land Limited (the "Company" or "Shui On Land") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	**2016**		2015	
		HKD'million *(Note 2)*	**RMB'million**	HKD'million *(Note 2)*	RMB'million
Turnover					
- The Group	*4*	**20,539**	**17,600**	8,038	6,472
- Share of associates		**392**	**336**	208	167
		20,931	**17,936**	8,246	6,639
Turnover of the Group	*4*	**20,539**	**17,600**	8,038	6,472
Cost of sales		**(13,648)**	**(11,695)**	(5,940)	(4,783)
Gross profit		**6,891**	**5,905**	2,098	1,689
Other income		**677**	**580**	543	437
Selling and marketing expenses		**(378)**	**(324)**	(282)	(227)
General and administrative expenses		**(1,037)**	**(889)**	(1,117)	(899)
Operating profit	*5*	**6,153**	**5,272**	1,242	1,000
Gain on investment properties disposed of		**555**	**476**	3,942	3,174
Increase in fair value of the remaining investment properties		**1,372**	**1,176**	3,689	2,970
Other gains and losses	*6*	**578**	**495**	(153)	(123)
Share of losses of associates and joint ventures		**(337)**	**(289)**	(390)	(314)
Finance costs, inclusive of exchange differences	*7*	**(2,912)**	**(2,495)**	(3,253)	(2,619)
Profit before taxation		**5,409**	**4,635**	5,077	4,088
Taxation	*8*	**(3,336)**	**(2,859)**	(2,882)	(2,321)
Profit for the year		**2,073**	**1,776**	2,195	1,767
Attributable to:					
Shareholders of the Company		**1,270**	**1,088**	979	788
Owners of convertible perpetual securities		**-**	**-**	216	174
Owners of perpetual capital securities		**393**	**337**	392	316
Owners of convertible perpetual capital securities		**131**	**112**	76	61
Non-controlling shareholders of subsidiaries		**279**	**239**	532	428
		803	**688**	1,216	979
		2,073	**1,776**	2,195	1,767
Earnings per share	*10*				
Basic		**HKD0.16**	**RMB0.14**	HKD0.12	RMB0.10
Diluted		**HKD0.16**	**RMB0.14**	HKD0.06	RMB0.05

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2016		2015	
	HKD'million *(Note 2)*	**RMB'million**	HKD'million *(Note 2)*	RMB'million
Profit for the year	**2,073**	**1,776**	2,195	1,767
Other comprehensive (expense) income				
Items that may be subsequently reclassified to profit or loss:				
Exchange difference arising on translation of foreign operations	**(69)**	**(59)**	(73)	(59)
Fair value adjustments on interest rate swaps designated as cash flow hedges	**6**	**5**	(2)	(2)
Fair value adjustments on cross currency swaps designated as cash flow hedges	**-**	**-**	(6)	(5)
Fair value adjustments on currency forward contracts designated as cash flow hedges	**400**	**343**	-	-
Reclassification from hedge reserve to profit or loss	**4**	**3**	32	26
Reclassification from hedge reserve to profit or loss arising from currency forward contracts	**(258)**	**(221)**	-	-
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit obligations	**5**	**4**	2	2
Gain on revaluation of properties transferred from property, plant and equipment and prepaid lease payments to investment properties, net of tax	**16**	**14**	-	-
Other comprehensive income (expense) for the year	**104**	**89**	(47)	(38)
Total comprehensive income for the year	**2,177**	**1,865**	2,148	1,729
Total comprehensive income attributable to:				
Shareholders of the Company	**1,374**	**1,177**	932	750
Owners of convertible perpetual securities	**-**	**-**	216	174
Owners of perpetual capital securities	**393**	**337**	392	316
Owners of convertible perpetual capital securities	**131**	**112**	76	61
Non-controlling shareholders of subsidiaries	**279**	**239**	532	428
	803	**688**	1,216	979
	2,177	**1,865**	2,148	1,729

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**2016**	2015
		RMB'million	RMB'million
Non-current assets			
Investment properties		**56,620**	55,600
Property, plant and equipment		**1,845**	2,268
Prepaid lease payments		**36**	128
Interests in associates		**379**	562
Interests in joint ventures		**27**	27
Loans to associates		**1,865**	1,962
Loans to joint ventures		**756**	2,912
Accounts receivable and prepayments	*11*	**737**	504
Amounts due from associates		**2,156**	1,878
Pledged bank deposits		**4,024**	2,008
Derivative financial instrument		**460**	450
Deferred tax assets		**840**	554
		69,745	68,853
Current assets			
Properties under development for sale		**21,838**	20,102
Properties held for sale		**4,865**	2,560
Accounts receivable, deposits and prepayments	*11*	**12,492**	10,344
Amounts due from related companies		**808**	724
Amounts due from joint ventures		**6**	21
Amounts due from customers for contract work		**97**	103
Derivative financial instruments		**343**	-
Pledged bank deposits		**455**	981
Restricted bank deposits		**1,435**	4,281
Bank balances and cash		**9,653**	3,344
		51,992	42,460
Assets classified as held for sale	*13*	**476**	5,857
		52,468	48,317
Current liabilities			
Accounts payable, deposits received and accrued charges	*12*	**18,885**	13,340
Amounts due to related companies		**412**	310
Amounts due to non-controlling shareholders of subsidiaries		**8**	11
Tax liabilities		**2,242**	1,301
Bank and other borrowings **-** due within one year		**6,434**	12,778
Senior notes		**6,023**	-
Derivative financial instruments		**368**	37
Liabilities arising from rental guarantee arrangements		**328**	320
		34,700	28,097
Liabilities associated with assets classified as held for sale		**-**	1,813
		34,700	29,910
Net current assets		**17,768**	18,407
Total assets less current liabilities		**87,513**	87,260

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - CONTINUED

	Notes	**2016 RMB'million**	2015 RMB'million
Capital and reserves			
Share capital	*14*	**145**	145
Reserves		**37,305**	36,500
Equity attributable to shareholders of the Company		**37,450**	36,645
Convertible perpetual securities		**1**	16
Convertible perpetual capital securities		**1,345**	1,346
Perpetual capital securities		**3,046**	3,050
Non-controlling shareholders of subsidiaries		**4,414**	5,061
		8,806	9,473
Total equity		**46,256**	46,118
Non-current liabilities			
Accounts payable and accrued charges	*12*	**24**	48
Bank and other borrowings - due after one year		**23,377**	20,559
Senior notes		**11,289**	14,655
Derivative financial instruments		**-**	238
Liabilities arising from rental guarantee arrangements		**271**	370
Deferred tax liabilities		**6,274**	5,242
Defined benefit liabilities		**22**	30
		41,257	41,142
Total equity and non-current liabilities		**87,513**	87,260

Notes to the consolidated financial statements:

1. General

The consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with International Financial Reporting Standards.

2. Presentation

The Hong Kong dollar figures presented in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income are shown for reference only and have been arrived at based on the exchange rate of RMB1.000 to HKD1.167 for 2016 and RMB1.000 to HKD1.242 for 2015, being the average exchange rates that prevailed during the respective years.

3A. Application of New and Amendments to International Financial Reporting Standards ("IFRSs")

Application of amendments to IFRSs

In the current year, the Group has applied, for the first time, the following amendments to IFRSs that are mandatorily effective for annual periods beginning on 1 January 2016:

Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to IAS 1	Disclosure Initiative
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle

The application of the amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3A. Application of New and Amendments to International Financial Reporting Standards ("IFRSs") - continued

New and amendments to IFRSs and new IFRIC in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs and new IFRIC that have been issued but are not yet effective:

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers[1]
IFRS 16	Leases[2]
IFRIC 22	Foreign Currency Transactions and Advance consideration[1]
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts[1]
Amendments to IFRS 15	Clarification to IFRS 15 Revenue from Contracts with Customers[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 7	Disclosure Initiative[4]
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[4]
Amendments to IAS 40	Transfers of Investment Property[1]
Amendments to IFRSs	Annual Improvements to IFRSs 2014-2016 Cycle[5]

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2019
[3] Effective for annual periods beginning on or after a date to be determined
[4] Effective for annual periods beginning on or after 1 January 2017
[5] Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate

IFRS 9 Financial Instruments

IFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of IFRS 9 which are relevant to the Group are:

- All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measure at fair value through other comprehensive income. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39 Financial Instruments: *Recognition and Measurement.* The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is not longer necessary for a credit event to have occurred before credit losses are recognised.

3A. Application of New and Amendments to International Financial Reporting Standards ("IFRSs") – continued

IFRS 9 Financial Instruments – continued

Based on the Group's financial instruments and risk management policies as at 31 December 2016, the Directors of the Company anticipate that the application of IFRS 9 is not likely to have a material impact on the Group's financial performance and position. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract(s)
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15. The Directors of the Company anticipate that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review.

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede IAS 17 *Leases* and the related interpretations when it becomes effective.

IFRS 16 distinguishes lease and service contracts based on whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability must be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flow, the Group currently presents upfront prepaid lease payments as investment cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Under IFRS 16, lease payments in relation to lease liability will be allocated into principal and an interest portion which will be presented as financing and operating cash flows, respectively.

Under IAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement and prepaid lease payments for leasehold lands where the Group is a lessee. The application of IFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

3A. Application of New and Amendments to International Financial Reporting Standards ("IFRSs") – continued

IFRS 16 Leases – continued

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

As at 31 December 2016, the Group has non-cancellable operating lease commitments of RMB128 million. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the Directors of the Company complete a detailed review.

For other new and revised IFRSs, the Directors of the Company do not expect a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements.

3B. New Accounting Policy

During the preparation of the annual consolidated financial statements of the Group for the year ended 31 December 2016, the Directors of the Company reassessed the Group's revenue recognition policy under the new strategy of selling properties under development for sale. Previously this had seldom occurred but the Group anticipates in the future this will happen more frequently and become part of the normal course of business. Accordingly, a new accounting policy has been adopted by the Group to apply to such transactions, as described below under the heading of "Revenue Recognition".

In accordance with this newly adopted accounting policy, revenue from the sale of properties under development for sale amounting to RMB1,842 million and the related cost of sales of RMB1,846 million were recognised at the completion date of the sale and purchase agreement during the year ended 31 December 2016. In the interim financial report of the Group for the six months ended 30 June 2016, this transaction was accounted as disposal of a subsidiary based on its legal form, and a loss on disposal of a subsidiary of RMB15 million was recognised in profit or loss. In accordance with the requirements set out in IAS 34 *Interim Financial Reporting*, the new accounting policy adopted by the Group is applied for the first time in the annual consolidated financial statements of the Group for the year ended 31 December 2016 by restating the interim financial statements in order to ensure that the accounting policy is applied consistently throughout the entire year to all transactions belonging to this particular class.

<u>Revenue recognition</u>

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the course of ordinary activities of the Group, net of discounts and sales related taxes.

Revenue from sale of properties in the course of ordinary activities of the Group is recognised when the properties are delivered and the significant risks and rewards of ownership have been transferred to the buyer, provided that at that stage it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably and provided that the Group maintains neither managerial involvement to the degree usually associated with ownership nor effective control over the land and other properties sold.

Deposits and instalments received from purchasers prior to meeting the above criteria for revenue recognition are included in the consolidated statement of financial position under current liabilities.

4. Turnover and Segmental Information

An analysis of the turnover of the Group and share of turnover of associates for the year is as follows:

	2016			2015		
	The Group RMB'million	**Share of associates RMB'million**	**Total RMB'million**	The Group RMB'million	Share of associates RMB'million	Total RMB'million
Property development:						
Property sales	**15,604**	**287**	**15,891**	4,380	146	4,526
Property investment:						
Rental income received from investment properties	**1,474**	**49**	**1,523**	1,428	21	1,449
Income from hotel operations	**78**	-	**78**	73	-	73
Property management fee income	**26**	-	**26**	50	-	50
Rental related income	**138**	-	**138**	61	-	61
	1,716	**49**	**1,765**	1,612	21	1,633
Construction	**222**	-	**222**	424	-	424
Others	**58**	-	**58**	56	-	56
Total	**17,600**	**336**	**17,936**	6,472	167	6,639

The Group is organised based on its business activities and has the following three major reportable segments:

Property development	-	development and sale of properties
Property investment	-	offices and commercial/mall leasing, property management and hotel operations
Construction	-	construction, interior fitting-out, renovation and maintenance of building premises and provision of related consultancy services

Property development segment and property investment segment combine various operating segments in respect of the Group's operations in Shanghai, Chongqing, Wuhan and Foshan, the PRC, on the basis that the products and services delivered to the customers are similar.

Included in the Group's property sales of RMB15,604 million (2015: RMB4,380 million) is revenue arising from sales of residential properties of RMB13,725 million (2015: RMB2,497 million), commercial properties of RMB1,412 million (2015: RMB1,621 million) and others of RMB467 million (2015: RMB262 million).

4. Turnover and Segmental Information - continued

For the year ended 31 December 2016

	Reportable segment					
	Property development RMB'million	**Property investment RMB'million**	**Construction RMB'million**	**Total RMB'million**	**Others RMB'million**	**Consolidated RMB'million**
SEGMENT REVENUE						
External turnover of the Group	**15,604**	**1,716**	**222**	**17,542**	**58**	**17,600**
Share of turnover of associates	**287**	**49**	**-**	**336**	**-**	**336**
Total segment revenue	**15,891**	**1,765**	**222**	**17,878**	**58**	**17,936**
SEGMENT RESULTS						
Segment results of the Group	**4,469**	**2,431**	**(24)**	**6,876**	**(8)**	**6,868**
Interest income						**303**
Share of losses of associates and joint ventures						**(289)**
Finance costs, inclusive of exchange differences						**(2,495)**
Other gains and losses						**534**
Net unallocated expenses						**(286)**
Profit before taxation						**4,635**
Taxation						**(2,859)**
Profit for the year						**1,776**

For the year ended 31 December 2015

	Reportable segment					
	Property development RMB'million	Property investment RMB'million	Construction RMB'million	Total RMB'million	Others RMB'million	Consolidated RMB'million
SEGMENT REVENUE						
External turnover of the Group	4,380	1,612	424	6,416	56	6,472
Share of turnover of associates	146	21	-	167	-	167
Total segment revenue	4,526	1,633	424	6,583	56	6,639
SEGMENT RESULTS						
Segment results of the Group	207	7,367	(40)	7,534	149	7,683
Interest income						302
Share of losses of associates and joint ventures						(314)
Finance costs, inclusive of exchange differences						(2,619)
Other gains and losses						(573)
Net unallocated expenses						(391)
Profit before taxation						4,088
Taxation						(2,321)
Profit for the year						1,767

4. Turnover and Segmental Information – continued

Segment revenue represents the turnover of the Group and the share of turnover of associates.

Segment results represent the profit earned or loss incurred by each segment without allocation of central administration costs, Directors' salaries, interest income, share of losses of associates and joint ventures, other gains and losses except for the increase in fair value of call option to buy back an investment property, impairment loss on property, plant and equipment, and finance costs inclusive of exchange differences. This is the measure reported to the chief operating decision makers who are the Executive Directors of the Company for resource allocation and performance assessment.

5. Operating Profit

Operating profit has been arrived at after charging (crediting):	**2016 RMB'million**	2015 RMB'million
Auditor's remuneration		
- audit services	**6**	6
Depreciation of property, plant and equipment	**141**	126
Release of prepaid lease payments	**-**	3
Less: Amount capitalised to property, plant and equipment	**-**	(3)
	-	-
Loss on disposal of property, plant and equipment	**19**	3
Employee benefits expenses		
Directors' emoluments		
Fees	**2**	2
Salaries, bonuses and allowances	**23**	23
	25	25
Other staff costs		
Salaries, bonuses and allowances	**576**	572
Retirement benefits costs	**53**	64
Share option expenses	**3**	4
Share award expenses	**9**	8
	641	648
Total employee benefits expenses	**666**	673
Less: Amount capitalised to investment properties under construction or development, properties under development for sale and hotels under development	**(139)**	(163)
	527	510
Cost of properties sold recognised as an expense	**10,892**	3,628
Minimum lease payments under operating leases	**32**	30
Impairment loss on properties held for sale and properties under development for sale (included in “cost of sales”)	**-**	292

6. Other Gains and Losses

	2016 **RMB'million**	2015 RMB'million
Loss arising from rental guarantee arrangements	**(227)**	(439)
Increase in fair value of call option to buy back an investment property	**10**	450
Fair value loss on other derivative financial instruments	**(101)**	(126)
Bargain purchase gain on acquisition of subsidiaries	**369**	-
Gain on deemed disposal of a joint venture	**498**	-
Loss on termination of sales of beneficial interest in certain properties	**(13)**	-
Impairment loss on property, plant and equipment	**(49)**	-
Others	**8**	(8)
	495	(123)

7. Finance Costs, Inclusive of Exchange Differences

	2016 **RMB'million**	2015 RMB'million
Interest on bank and other borrowings	**1,824**	2,085
Imputed interest of deferred consideration in relation to acquisition of subsidiaries	**235**	-
Imputed interest of deferred consideration in relation to disposal of a subsidiary	**58**	-
Interest on senior notes	**1,424**	1,405
Net interest expense from interest rate swaps designated as cash flow hedges	**6**	8
Imputed interest on loans from non-controlling shareholders of subsidiaries	**-**	5
Interest on convertible bonds	**-**	34
Net interest expense from cross currency swaps designated as cash flow hedges	**-**	42
Total interest costs	**3,547**	3,579
Exchange loss on bank borrowings	**-**	32
Less: Amount capitalised to investment properties under construction or development, properties under development for sale and hotels under development	**(1,982)**	(2,185)
Interest expense charged to profit or loss	**1,565**	1,426
Net exchange loss on bank borrowings and other financing activities	**895**	1,156
Others	**35**	37
	2,495	2,619

Borrowing costs capitalised during the year were calculated by applying a capitalisation rate of approximately 5.2% (2015: 6.6%) per annum to expenditure on the qualifying assets.

8. Taxation

	2016 **RMB'million**	2015 RMB'million
PRC Enterprise Income Tax		
- Current provision	**1,393**	956
PRC Withholding Tax		
- Current provision	**5**	23
PRC Land Appreciation Tax		
- Provision for the year	**1,323**	271
Deferred taxation		
- Provision for the year	**138**	1,071
	2,859	2,321

No provision for Hong Kong Profits Tax has been made as the income of the Group neither arises in, nor is derived from, Hong Kong.

PRC Enterprise Income Tax ("EIT") has been provided for at the applicable income tax rate of 25% on the assessable profits of the companies in the Group during both years.

The PRC EIT Law requires withholding tax to be levied on distribution of profits earned by PRC entities for profits generated after 1 January 2008 at rate of 5% for Hong Kong resident companies, and at rate of 10% (5% if obtained the Hong Kong residents) for companies incorporated in BVI and Republic of Mauritius, which are the beneficial owners of the dividend received. As at 31 December 2016 and 31 December 2015, deferred tax was provided for in full in respect of the temporary differences attributable to such profits.

The provision of PRC Land Appreciation Tax is estimated per the requirements set forth in the relevant PRC tax laws and regulations. PRC Land Appreciation Tax has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions including land costs, borrowing costs and the relevant property development expenditures.

The current income tax provided for the current year also included applicable income taxes on transfers of equity interest in subsidiaries of the Group.

9. Dividends

	2016 **RMB'million**	2015 RMB'million
Dividends recognised as distribution during the year:		
Interim dividend paid in respect of 2016 of HKD0.011 per share (2015: Interim dividend paid in respect of 2015 of HKD0.022 per share)	**76**	146
Final dividend paid in respect of 2015 of HKD0.028 per share (2015: Final dividend paid in respect of 2014 of HKD0.04 per share)	**190**	253
	266	399

A final dividend for the year ended 31 December 2016 of HKD0.039 (equivalent to RMB0.035 translated using the exchange rate of 0.89451 as at 31 December 2016) per share, amounting to HKD314 million (equivalent to RMB281 million translated using the exchange rate of 0.89451 as at 31 December 2016) in aggregate, was proposed by the Directors of the Company on 22 March 2017 and is subject to the approval of the shareholders at the forthcoming annual general meeting. Subject to the approval of the shareholders and The Stock Exchange of Hong Kong Limited, the proposed final dividend will be payable in the form of cash and shareholders will be given the option to elect to receive their final dividend in new, fully paid shares in lieu of all or part of cash.

10. Earnings Per Share

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

Earnings	**2016 RMB'million**	2015 RMB'million
Earnings for the purposes of basic earnings per share, being profit for the year attributable to shareholders of the Company	**1,088**	788
Effect of dilutive potential ordinary shares:		
Adjustment for convertible perpetual securities(*note (c)*)	-	(348)
Earnings for the purposes of diluted earnings per share	**1,088**	440

Number of shares	**2016 'million**	2015 'million
Weighted average number of ordinary shares for the purpose of basic earnings per share(*note (a)*)	**8,002**	8,002
Effect of dilutive potential ordinary shares:		
Outstanding award share	**17**	16
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**8,019**	8,018

Basic earnings per share (*note (b)*)	**RMB0.14**	RMB0.10
	HKD0.16	HKD0.12
Diluted earnings per share (*note (b)*)	**RMB0.14**	RMB0.05
	HKD0.16	HKD0.06

Notes:

(a) The weighted average number of ordinary shares shown above has been arrived at after deducting 24,854,000 shares held by a share award scheme trust.

(b) The Hong Kong dollar figures presented above are shown for reference only and have been arrived at based on the exchange rate of RMB1.000 to HKD1.167 for 2016 and RMB1.000 to HKD1.242 for 2015, being the average exchange rates that prevailed during the respective years.

(c) Most of the convertible perpetual securities were converted into ordinary shares of a subsidiary of the Company during the year ended 31 December 2015. The adjustment to earnings that were attributable to the convertible perpetual securities relates to the instruments which were in issue during the year ended 31 December 2015.

(d) There were no dilution effects from outstanding share options and warrants as the exercise prices of each of these share options and warrants were higher than the average market price of the Company's shares per share for the year ended 31 December 2016 and 2015.

(e) During the year ended 31 December 2016 and 2015, there were no dilution effect for the convertible perpetual capital securities ("CPCS") as the full conversion of CPCS into ordinary shares of the Company will not result in a decrease in profit per ordinary share of the Company.

11. Accounts Receivable, Deposits and Prepayments

	2016 **RMB'million**	2015 RMB'million
Non-current accounts receivable comprise:		
Rental receivables in respect of rent-free periods	**319**	184
Trade receivables	**126**	86
Prepayments of relocation costs (*note*)	**292**	234
	737	504
Current accounts receivable comprise:		
Trade receivables	**708**	806
Prepayments of relocation costs (*note*)	**9,700**	8,553
Other deposits, prepayments and receivables, mainly including prepaid business tax of RMB205 million (2015: RMB242 million)	**1,003**	792
Receivables from disposals of subsidiaries	**1,081**	-
Receivable arising from disposal of a hotel	**-**	193
	12,492	10,344

Note:

The amount represents monies paid to a few relocation agents for clearing the land of the current occupants in respect of a property development project in Shanghai. 89% and 10% (2015: 86% and 10%) of the total outstanding balance are paid to two of the relocation agents.

The balances represent the amounts that will be capitalised to properties under development for sale and investment properties as soon as the relocation is completed. Such relocation process in respect of the land portion which will be developed for sale is in accordance with the Group's normal operating cycle and accordingly the related relocation costs are classified as current assets. The balances are not expected to be realised within twelve months from the end of the reporting period.

Trade receivables comprise:

(i) receivables arising from sales of properties which are due for settlement in accordance with the terms of the relevant sales and purchase agreements;

(ii) rental receivables which are due for settlement upon issuance of monthly debit notes to the tenants; and

(iii) receivables arising from construction revenue of which a credit term of 40 days are granted to the customer.

Included in the Group's accounts receivable, deposits and prepayments are trade receivable balances of RMB834 million (2015: RMB892 million), of which 44% (2015: 64%) are aged less than 90 days, and 56% (2015: 36%) are aged over 90 days, as compared to when revenue was recognised.

11. Accounts Receivable, Deposits and Prepayments – continued

Included in the Group's trade receivable balances are debtors with aggregate carrying amount of RMB502 million (2015: RMB560 million) which are past due at the end of the reporting period for which the Group has not provided for impairment loss, of which 8% (2015: 43%) are past due within 90 days, and 92% (2015: 57%) are past due over 90 days, based on the repayment terms set out in the sales and purchase agreements. No provision for impairment is considered necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the date of the reporting period. Allowance for bad and doubtful debts are generally not required for rental receivables as the Group has collected rental deposits from the tenants to secure any potential losses from uncollectible debts.

Other receivables as at 31 December 2016 included an advance to the government authority in Shanghai of RMB200 million (2015:RMB200 million). The amount is unsecured, interest-bearing at 6.1% per annum and repayable on date of completion of relocation work for certain land lots located in Shanghai the PRC. The Directors of the Company expect that such advance will be repaid within twelve months from the end of the reporting period and is therefore classified as current asset.

12. Accounts Payable, Deposits Received and Accrued Charges

	2016 **RMB'million**	2015 RMB'million
Current portion comprise:		
Trade payables	**4,374**	4,141
Relocation cost payables	**852**	700
Retention payables (*note*)	**532**	735
Deed tax, business tax and other tax payables	**377**	501
Deposits received and receipt in advance from property sales	**8,347**	4,552
Deposits received and receipt in advance in respect of rental of investment properties	**580**	473
Value-added tax payable	**305**	-
Deferred consideration of acquisition of subsidiaries	**2,845**	-
Other payables and accrued charges	**673**	470
Deposits received from disposal of subsidiaries	**-**	1,768
	18,885	13,340
Non-current portion comprise:		
Other payables and accrued charges	**24**	48

Note: Retention payables are expected to be paid upon the expiry of the retention periods according to the respective contracts.

Included in the Group's accounts payable, deposits received and accrued charges are trade payable balances of RMB4,374 million (2015: RMB4,141 million), of which 68% (2015: 74%) are aged less than 30 days, 16% (2015: 5%) are aged between 31 to 60 days, 0% (2015: 3%) are aged between 61 days to 90 days, and 16% (2015: 18%) are aged more than 90 days, based on invoice date.

Deposits received and receipt in advance from property sales amounting to RMB673 million (2015: RMB118 million) are expected to be released to profit or loss more than twelve months after the end of the reporting period.

13. Assets Classified As Held For Sale

Pursuant to a letter of intent dated 28 December 2016 (the "Deed") entered into with an independent third parties, an indirect wholly-owned subsidiary of the Company, has conditionally agreed to sell a hotel located in Shanghai, which was classified as a completed investment property, for a cash consideration after the deduction of value-added tax of RMB476 million. As at 31 December 2016, the aggregate carrying amount of the hotel amounted to RMB476 million.

The Directors of the Company believe that it is highly probable that the disposal will be completed within twelve months from the date when the assets are classified as held for sale, and therefore this hotel has been classified as "assets classified as held for sale" as at 31 December 2016, in accordance with IFRS 5 *Non-current Asset Held for Sale and Discontinue Operations*. As at 31 December 2016, the Group has received RMB15 million as earnest money.

For the year ended 31 December 2015, the Group entered into an agreement with an independent third party to sell its entire interest in Infoshore International Limited ("Infoshore") (the "Disposal"). The related assets and liabilities of Infoshore were classified as held-for-sale as at 31 December 2015 in accordance with IFRS 5 *Non-current Asset Held for Sale and Discontinued Operations*. The Disposal was completed during the year ended 31 December 2016.

14. Share Capital

	Authorised		Issued and fully paid	
Ordinary shares of USD0.0025 each	Number of shares	USD'000	Number of shares	USD'000
At 1 January 2015	12,000,000,000	30,000	8,001,726,189	20,004
Exercise of share options	-	-	50,000	-
Issue of shares pursuant to the share award scheme	-	-	24,854,000	62
At 31 December 2015 and 31 December 2016	**12,000,000,000**	**30,000**	**8,026,630,189**	**20,066**

	2016 & 2015
	RMB'million
Shown in the consolidated statement of financial position as	145

The new shares rank pari passu with the existing shares in all respects.

15. Events after the Reporting Period

The Group has the following events after the reporting period:

a) On 23 January 2017, Shui On Development (Holding) Limited ("SODH") issued US$500 million senior notes to independent third parties with a maturity of five years due on 6 February 2021 (the "2021 US$ Notes"). The 2021 US$ Notes bear coupon at 5.7% per annum, payable semi-annually in arrears.

15. Events after the Reporting Period – continued

b) On 24 January 2017, Hua Xia Rising, a joint venture of the Group, made a successful bid for a piece of land offered for sale by The East Lake High-tech Development Zone branch of Wuhan Land Resources and Planning Bureau ("Wuhan Land Bureau"). The Land is located in East Lake Ring, Wuhan. On the same date, Hua Xia Rising entered into the confirmation agreement for successful bidding of state-owned land use rights with Wuhan Land Bureau relating to the confirming the successful bid of the Land.

   It is intended that Hua Xia Rising will set up a wholly-owned project company in Wuhan for future development of the Land. Following the successful bidding of the Land, the Group shall further invest in Hua Xia Rising for funding the acquisition of the Land which is expected to be approximately RMB1,410 million. Details are set out in the Company's announcement dated 24 January 2017.

FINANCIAL REVIEW

The Group's *turnover* for the year 2016 increased by 172% to RMB17,600 million (2015: RMB6,472 million), mainly due to a significant increase in recognised property sales, and a slight increase in rental and related income for the year.

Property sales for the year 2016 increased 256% to RMB15,604 million (2015: RMB4,380 million) as a result of increased property deliveries, especially for the Shanghai, Wuhan and Foshan projects. Property sales of Shanghai, Wuhan and Foshan projects increased to RMB14,074 million during the year (2015: RMB3,006 million), while property sales of the Chongqing project also increased slightly to RMB1,530 million (2015: RMB1,374 million). Total area handed over to buyers reached 684,700 sq.m. (2015: 309,890 sq.m.). Details of the property sales during the year 2016 are shown in the paragraph titled "Property Sales" in the Business Review Section.

Income from property investment increased marginally to RMB1,716 million (2015: RMB1,612 million). *Rental and related income* from investment properties for the year 2016 increased slightly to RMB1,638 million (2015: RMB1,539 million), mainly due to continued rental growth from the existing completed properties and the progressive commencement of operations at newly completed investment properties including NOVA at Foshan Lingnan Tiandi and HORIZON at Wuhan Tiandi. The increase compensated for the loss of rental income from 1 & 2, 3 Corporate Avenue located at Shanghai Taipingqiao which were sold in August 2015 and February 2016 respectively. *Income from hotel operations*, comprising contributions from Marco Polo Hotel in Foshan remained stable at RMB78 million for the year (2015: RMB73 million). Details of the business performance of investment properties are in the paragraph titled "Investment Property" in the Business Review Section.

Construction income generated by construction business, decreased to RMB222 million for the year 2016 (2015: RMB424 million).

Gross profit for the year 2016 increased significantly by 250% to RMB5,905 million (2015: RMB1,689 million), while *gross profit margin* also increased to 34% (2015: 26%). The higher gross profit margin was mainly due to higher margins contributed from property sales in Shanghai and Wuhan which accounted for a portion of 73% of the Group's property sales for the year 2016 (2015: 41%).

Other income increased 33% to RMB580 million (2015: RMB437 million), which comprised interest income and government grants.

Selling and marketing expenses increased by 43% to RMB324 million (2015: RMB227 million) which was in line with the increase in contracted property sales achieved by the Group (excluding sales by associates, other assets disposal and *en-bloc* sales) by 98% to RMB15,872 million (2015: RMB8,036 million).

General and administrative expenses, which comprises staff costs, depreciation charges and advisory costs incurred, decreased marginally by 1% to RMB889 million (2015: RMB899 million).

As a result of the above, *operating profit* jumped by 427% to RMB5,272 million for the year 2016 (2015: RMB1,000 million).

Gain on investment properties disposed of represented gains from the disposal of 3 Corporate Avenue located in Shanghai in 2016 and 1& 2 Corporate Avenue located in Shanghai in 2015 respectively. The gain on investment properties disposed of was lower at RMB476 million, as the fair value gain of 3 Corporate Avenue located in Shanghai was accounted for in 2015.

Increase in fair value of the remaining investment properties decreased 60% to RMB1,176 million (2015: RMB2,970 million), of which RMB1,233 million gain (2015: RMB2,430 million) was contributed by completed investment properties and assets classified as held for sale and RMB57 million loss (2015 gain: RMB540 million) was from investment properties under construction or development. The increase in fair value of the remaining investment properties in 2016 represented a 3% gain compared with value of investment properties as of 31 December 2016. The paragraph titled "Investment Property" in the Business Review Section provides a detailed description of these properties.

Other gains and losses amounted to a gain of RMB495 million (2015: a loss of RMB123 million), of which RMB867 million was in relation to a one-off gain arising from the acquisition of Shanghai Taipingqiao Lot 116 residential project. This gain was partially offset by loss on rental guarantee arrangements arising from previously sold commercial properties in Chongqing Tiandi of RMB227 million (2015: RMB439 million) and the fair value loss on other derivative financial instruments of RMB101 million (2015: RMB126 million).

Share of losses of associates and joint ventures was RMB289 million for the year 2016 (2015: RMB314 million), which was mainly from the Dalian Tiandi development.

Finance costs, inclusive of exchange differences, amounted to RMB2,495 million (2015: RMB2,619 million). Total interest costs decreased to RMB3,547 million (2015: RMB3,579 million). Of these interest costs, 56% (2015: 61%) or RMB1,982 million (2015: RMB2,185 million) was capitalised as cost of property development, the remaining 44% (2015: 39%) of interest costs relating to mortgage loans on completed properties and borrowings for general working capital purposes was accounted for as expenses. For the year 2016, the percentage of capitalised interest of the Group's borrowings decreased, and the expense ratio increased as compared with the corresponding period, resulting in the increased finance costs reported. This is due to three investment properties (i.e. NOVA at Foshan Lingnan Tiandi, HORIZON at Wuhan Tiandi and Hall of the Moon at Shanghai RHXC) were completed and accordingly, interest costs ceased to be capitalized upon completion. Exchange loss of RMB895 million (2015: RMB1,156 million) was recorded as a result of the depreciation of the RMB against the HKD and the USD during the year 2016.

Profit before taxation increased 13% to RMB4,635 million (2015: RMB4,088 million). The increase in profit before taxation is primarily due to more properties delivered and other factors mentioned above.

Taxation increased 23% to RMB2,859 million (2015: RMB2,321 million). The effective tax rate for the year 2016 was 40.3% (2015: 51.6%). PRC Enterprise Income Tax has been provided for at the applicable income tax rate of 25% on the assessable profits during the year. Land appreciation tax was levied at progressing rates ranging from 30 percent to 60 percent on the appreciation value, being the proceeds of properties sales less deductible expenditure including costs of land, development and construction. The decrease in effective tax rate resulted from the decrease in exchange loss and interests expenses from offshore borrowings that were not deductible in the PRC.

Profit for the year was RMB1,776 million (2015: RMB1,767 million).

Profit attributable to shareholders of the Company for the year 2016 was RMB1,088 million, an increase of 38% compared to the corresponding period (2015: RMB788 million). This is due to lesser profits attributable to convertible perpetual securities owners and non-controlling interest shareholders of subsidiaries.

Core earnings of the Group are as follows:

	2016	2015	Change
	RMB'million	RMB'million	%
Profit attributable to shareholders of the Company	**1,088**	788	38%
Net increase in fair value of the remaining investment properties	**(1,176)**	(2,970)	
Effect of corresponding deferred tax charges	**294**	743	
Cumulative realised fair value gains of investment properties*	**1,556**	2,944	
Gain arose from acquisition of subsidiaries	**(867)**	-	
Realised gain arose from acquisition of subsidiaries	**337**	-	
Share of results of associates			
Fair value losses of investment properties	**151**	75	
Effect of corresponding deferred tax charges	**(38)**	(19)	
	257	773	(67%)
Non-controlling interests	**4**	311	
Net effect of changes in the valuation of investment properties	**261**	1,084	(76%)
Profit attributable to shareholders of the Company before revaluation of the remaining investment properties	**1,349**	1,872	
Add:			
Profit attributable to owners of convertible perpetual securities	**-**	174	(100%)
Profit attributable to owners of convertible perpetual capital securities	**112**	61	84%
Profit attributable to owners of perpetual capital securities	**337**	316	7%
Core earnings of the Group	**1,798**	2,423	(26%)

* Cumulative realised fair value gains of investment properties for the year 2016 are mainly related to completion of the sales of Shanghai Taipingqiao 3 Corporate Avenue while in the compared period were mainly related to Shanghai Taipingqiao 1 & 2 Corporate Avenue.

Earnings per share was RMB0.14, which was calculated based on a weighted average of approximately 8,002 million shares in issue during the year 2016 (2015: RMB0.10, which was calculated based on a weighted average of approximately 8,002 million shares in issue).

Dividends payable to shareholders of the Company have to comply with certain covenants under the senior notes and perpetual capital securities as follows:

- Dividends payable to the shareholders of the Company (together with any redemption, repurchase or acquisition of the Company's shares) should not exceed 20% of the Company's consolidated profit for the two most recent semi-annual periods prior to payment of the dividend, unless certain conditions pursuant to the terms of the senior notes have been met.

- In the case where the Company opts to defer the payment of coupons to the owners of perpetual capital securities, no dividend payments should be made to the shareholders of the Company unless all coupons deferred have been paid in full.

The Board has resolved to recommend the payment of a 2016 final dividend of HKD0.039 per share (2015: HKD0.028 per share) with scrip option.

Major Acquisition and Disposal

1) In December 2015, the Group entered into an agreement to dispose of 100% equity interest in Infoshore and the related shareholders' loans for an aggregate cash consideration of approximately RMB5,759 million. Infoshore indirectly held 3 Corporate Avenue located in Shanghai Taipingqiao project. The transaction has been completed in February 2016. For details, please refer to the circular issued by the Company dated 31 December 2015.

2) In December 2015, the Group entered an agreement for the buyback of 60.14% equity interest and the related debt interests in Portspin Limited ("Portspin") held by Trophy Property GP Limited, as general partner of and on behalf of Trophy Property Development L.P. and its subsidiaries by two installments: the initial installment in relation to 18.04% of the equity interest and related debt interests in Portspin for a cash consideration of USD156 million settled in January 2016 and the final installment in relation to 42.1% of the equity interest and related debt interests in Portspin for a cash consideration of USD407 million to be settled in December 2017. Portspin indirectly owns a residential property (Lot 116) located in Shanghai Taipingqiao project. For details, please refer to the circular issued by the Company dated 29 January 2016.

3) In April 2016, the Group entered an agreement to dispose its entire equity interest in Foshan Yuan Kang Property Development Co. Ltd. ("Foshan Yuan Kang Property") for an aggregate consideration of RMB1,842 million. Foshan Yuan Kang Property owns several pieces of land in Foshan with a total saleable gross floor area of 231,500 sq.m.. The disposal was completed on 24 June 2016.

4) In May 2016, the Group entered into an agreement to dispose 2 office buildings in Wuhan, namely A1 and A3 for an aggregate consideration of RMB3,365 million and RMB1,134 million respectively. For details, please refer to the circular issued by the Company dated 23 June 2016.

5) In January 2017, the Group entered into a 50:50 Joint Venture with CITIC and has made a successful bid for a piece of land in Wuhan which is located in East Lake Ring, Wuhan, the PRC. The Group's investment in the Joint Venture is approximately RMB1,410 million for the purpose of funding the land acquisition. Details are set out in the Company's announcement dated 24 January 2017.

6) In January 2017, the Group entered into a sales and purchase agreement to sell a hotel in Lot 3 at Shanghai RHXC Project. The consideration is RMB500 million and the transaction is expected to be completed in the first half of 2017.

Liquidity, Capital Structure and Gearing Ratio

The structure of the Group's borrowings as of 31 December 2016 is summarised below:

	Total (in RMB equivalent)	**Due within one year**	**Due in more than one year but not exceeding two years**	**Due in more than two years but not exceeding five years**	**Due in more than five years**
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
Bank borrowings – RMB	25,503	3,396	5,357	12,130	4,620
Bank borrowings – HKD	2,592	2,592	-	-	-
Bank borrowings – USD	1,716	446	510	760	-
Senior notes – RMB	2,554	2,554	-	-	-
Senior notes – USD	14,758	3,469	4,393	6,896	-
Total	**47,123**	**12,457**	**10,260**	**19,786**	**4,620**

Total cash and bank deposits amounted to RMB15,567 million as of 31 December 2016 (31 December 2015: RMB10,614 million), which included RMB4,479 million (31 December 2015: RMB2,989 million) of deposits pledged to banks and RMB1,435 million (31 December 2015: RMB4,281 million) of restricted bank deposits which can only be applied to designated property development projects of the Group.

As of 31 December 2016, the Group's net debt balance was RMB31,556 million (31 December 2015: RMB37,378 million) and its total equity was RMB46,256 million (31 December 2015: RMB46,118 million). The Group's net gearing ratio was 68% as of 31 December 2016 (31 December 2015: 81%), calculated on the basis of the excess of the sum of senior notes, bank and other borrowings net of bank balances and cash (including pledged bank deposits and restricted bank deposits) over the total equity.

During the year 2016, the Group refinanced several borrowings from HKD/USD to RMB. As of 31 December 2016, HKD/USD borrowings including senior notes amounted to approximately RMB19,066 million in equivalent, which is around 40% of the total borrowings (31 December 2015: 46%).

Total undrawn banking facilities available to the Group amounted to approximately RMB6,631 million as of 31 December 2016 (31 December 2015: RMB6,256 million).

Pledged Assets

As of 31 December 2016, the Group had pledged investment properties, property, plant and equipment, prepaid lease payments, properties under development for sale, properties held for sale, accounts receivable and bank deposits totalling RMB60,274 million (31 December 2015: RMB65,821 million) to secure the Group's borrowings of RMB27,272 million (31 December 2015: RMB26,717 million).

Capital and Other Development Related Commitments

As of 31 December 2016, the Group had contracted commitments for development costs and capital expenditure in the amount of RMB8,960 million (31 December 2015: RMB13,368 million).

Cash Flow Management and Liquidity Risk

Management of cash flow is the responsibility of the Group's treasury function at the corporate level.

The Group's commitment is to maintain a balance between continuity of funding and flexibility through a combination of internal resources, bank borrowings and debt financing, as appropriate. The present financial and liquidity position enables the Group to maintain a reasonable liquidity buffer so that sufficient funds are available to meet liquidity requirements at all times.

Exchange Rate and Interest Rate Risks

The revenue of the Group is denominated in RMB. The RMB senior notes issued in 2014 are also denominated in RMB. Thus, the coupon payments and repayment of the principal amounts of the senior notes issued in 2014 do not expose the Group to any exchange rate risk.

However, a portion of the revenue is converted into other currencies to meet our foreign-currency-denominated debt obligations, such as bank borrowings denominated in HKD and USD, and senior notes and CPCS denominated in USD issued from 2014 to 2016. Thus, to the extent that the Group has a net currency exposure, there is exposure to fluctuations in foreign exchange rates. As of 31 December 2016, the Group has entered approximately USD952 million forward to hedge the USD currency risk against RMB. In addition, from 1 January 2017 till today, the Group has further entered USD300 million forward to hedge the USD currency risk against RMB. The forward rate of USD against RMB is between 1 USD to 6.7210 to 7.2730 RMB.

The Group's exposure to interest rate risk results from fluctuations in interest rates. Most of the Group's bank and other borrowings consist of variable rate debt obligations with original maturities ranging from two to six years for project construction loans, and two to fifteen years for mortgage loans. Increases in interest rates would raise interest expenses relating to the outstanding variable rate borrowings and cost of new debt. Fluctuations in interest rates may also lead to significant fluctuations in the fair value of the debt obligations.

In addition, the Group entered into a cross currency swap amounting to RMB2,500 million, which was due on 26 February 2017. Under this swap, the Group would receive interest at a fixed rate of 6.875% per annum and RMB2,500 million at maturity and pay interest semi-annually at a fixed rate from 5.840% to 5.975% per annum, and USD408 million at maturity.

Save for disclosed above, as of 31 December 2016, the Group does not hold any other derivative financial instruments that are linked to exchange rates or interest rates. The Group continues to closely monitor its exposure to exchange rate and interest rate risks, and may employ derivative financial instruments to hedge against risk if necessary.

FINAL DIVIDEND

The Board has resolved to recommend to shareholders of the Company at the forthcoming annual general meeting (the "AGM") the payment of a final dividend for the year ended 31 December 2016 of HKD0.039 per share (2015: HKD0.028 per share) with scrip option to shareholders whose names appear on the register of members of the Company on 6 June 2017, being the record date. Shareholders will be given the option to elect to receive new shares of the Company in lieu of cash in respect of part or all of the proposed final dividend (the "Scrip Dividend Scheme").

The Scrip Dividend Scheme will be subject to (i) the Company's shareholders' approval of the proposed final dividend at the AGM to be held on 24 May 2017; and (ii) The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the new shares of the Company to be allotted thereunder.

A circular containing details of the Scrip Dividend Scheme will be dispatched to shareholders together with the form of election for scrip dividend as soon as practicable after the AGM. Dividend warrants and share certificates in respect of the proposed final dividend are expected to be dispatched to shareholders on or about 18 July 2017.

In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on 6 June 2017.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 10 May 2017 to Wednesday, 24 May 2017, both days inclusive, during which period no transfer of shares will be registered. Shareholders whose names appear on the register of members of the Company on 9 May 2017 shall be entitled to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 9 May 2017.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2016.

CORPORATE GOVERNANCE

The Company is committed to enhancing its corporate governance practices appropriately in the conduct and growth of its business, and to pursuing the right balance between conformance and performance in its corporate governance. From time to time, the Company reviews its corporate governance practices to ensure they comply with all the applicable code provisions (the "CG Code") as set out in Appendix 14 of the Listing Rules and aligns its practices with the latest developments of the CG Code. During the year ended 31 December 2016, the Company has applied the principles of and complied with all the applicable code provisions of the CG Code. Further information on the Company's corporate governance practices is set out in the Company's 2016 Annual Report.

The Audit Committee has reviewed the Group's audited consolidated financial statements for the year ended 31 December 2016, including the accounting principles and practices adopted by the Company, in conjunction with the Company's external auditor.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the Directors. Following specific enquiries by the Company, all Directors have confirmed that they complied with the required standard set out in the Model Code throughout the year ended 31 December 2016.

EMPLOYEES AND REMUNERATION POLICY

As of 31 December 2016, the number of employees in the Group was 3,295 (31 December 2015: 3,359); which included the headcount of China Xintiandi at 388 (31 December 2015: 510), the headcount of the property management business at 1,583 (31 December 2015: 1,766). The headcount of the acquired construction and fitting out business was 301 as of 31 December 2016. The Group provides a comprehensive benefits package for all employees as well as career development opportunities. This includes retirement schemes, share option scheme, medical insurance, other insurances, in-house training, on-the-job training, external seminars, and programs organised by professional bodies and educational institutes.

The Group strongly believes in the principle of equality of opportunity. The remuneration policy of the Group for rewarding its employees is based on their performance, qualifications and competency displayed in achieving our corporate goals.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position as of 31 December 2016, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year then ended as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

APPRECIATION

I am grateful to our employees, clients, shareholders and partners for their tremendous loyalty and patient support as we have pursued our refined strategy in the past year.

We have made a lot of progress since I took back the executive leadership position and began this refined strategy. The Group is now in a much stronger position, financially and in terms of company culture, with younger executives taking on leadership roles. All of this has truly been a team effort, and I am confident that we are ready for the next phase of the Group's growth.

A big thank you to all those who are taking the lead and initiative in the Group's new direction. With a continuous concerted effort we will strive for a future of innovation and success at Shui On Land.

By Order of the Board
Shui On Land Limited
Vincent H. S. LO
Chairman

Hong Kong, 22 March 2017

At the date of this announcement, the executive directors of the Company are Mr. Vincent H. S. LO (Chairman) and Mr. Douglas H. H. SUNG (Chief Financial Officer); the non-executive director of the Company is Mr. Frankie Y. L. WONG; and the independent non-executive directors of the Company are Sir John R. H. BOND, Dr. William K. L. FUNG, Professor Gary C. BIDDLE, Dr. Roger L. McCARTHY, Mr. David J. SHAW and Mr. Anthony J. L. NIGHTINGALE.

This announcement contains forward-looking statements, including, without limitation, words and expressions such as "expect," "believe," "plan," "intend," "aim," "estimate," "project," "anticipate," "seek," "predict," "may," "should," "will," "would" and "could" or similar words or statements, in particularly statements in relation to future events, our future financial, business or other performance and development, strategy, plans, objectives, goals and targets, the future development of our industry and the future development of the general economy of our key markets and globally.

These statements are based on numerous assumptions regarding our present and future business strategy and the environment in which we will operate in the future. These forward-looking statements reflect our current views with respect to future events, are not a guarantee of future performance and are subject to certain risks, uncertainties and assumptions, including with respect to the following:

- *changes in laws and PRC governmental regulations, policies and approval processes in the regions where we develop or manage our projects;*
- *changes in economic, political and social conditions and competition in the cities we operate in, including a downturn in the property markets;*
- *our business and operating strategies;*
- *our capital expenditure plans;*
- *various business opportunities that we may pursue;*
- *our dividend policy;*
- *our operations and business prospects;*
- *our financial condition and results of operations;*
- *the industry outlook generally;*
- *our proposed completion and delivery dates for our projects;*
- *changes in competitive conditions and our ability to compete under these conditions;*
- *catastrophic losses from fires, floods, windstorms, earthquakes, or other adverse weather conditions, diseases or natural disasters;*
- *our ability to further acquire suitable sites and develop and manage our projects as planned;*
- *availability and changes of loans and other forms of financing;*
- *departure of key management personnel;*
- *performance of the obligations and undertakings of the independent contractors under various construction, building, interior decoration and installation contracts;*
- *exchange rate fluctuations;*
- *currency exchange restrictions; and*
- *other factors beyond our control.*

This list of important factors is not exhaustive. Additional factors could cause the actual results, performance or achievements to differ materially. We do not make any representation, warranty or prediction that the results anticipated by such forward-looking statements, which speak only as of the date of this announcement, will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation to update or otherwise revise any forward-looking statements. You should not place undue reliance on any forward-looking information.

** For identification purposes only*