GUANGZHOU R&F PROPERTIES CO., LTD.

Stock code: 2777

Annual Report **2016**

About R&F

One of China's largest and most well-known property developers, Guangzhou R&F Properties Co., Ltd. ("R&F" or the "Company", together with its subsidiaries, collectively the "Group") is a major player in the country's drive towards urbanization. Our core business lies in mass residential property development on a variety of scales, with 68 projects currently under development in 27 cities and regions including Beijing, Tianjin and Guangzhou. A proportion of our asset portfolio is held in investment properties (including prestigious hotels and shopping malls) as part of our ongoing development strategy. R&F is also involved in co-developing some important large-scale projects in conjunction with respected industry peers and expanded its property development and investment business from China to Malaysia & Australia. With a prime land bank portfolio sufficient for several years of developments and a brand name synonymous for quality and value nationwide, R&F is expecting to contribute significantly to the quality of urban life in China over the coming year.

Contents


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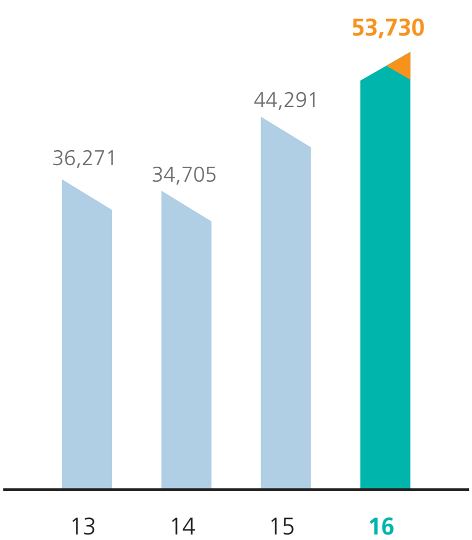
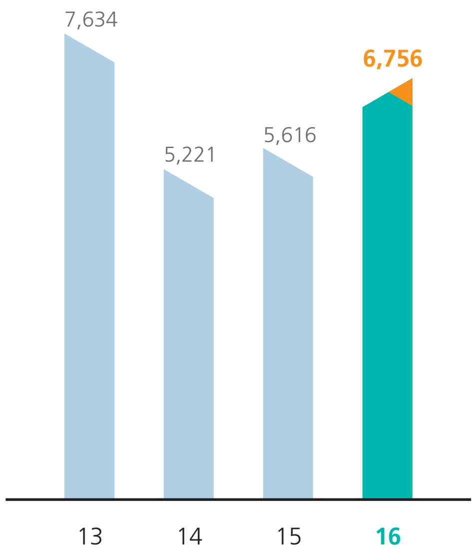
Financial Highlights

	2016	2015	% changes
Operating Results (RMB'000)			
Revenue	53,730,339	44,290,924	21%
Gross profit	15,186,740	14,207,071	7%
Profit for the year attributable to owners of the Company	6,755,908	5,615,795	20%
Basic earnings per share (RMB)	2.0997	1.7524	20%
Dividends per share (RMB)	1.00	1.20	–17%
Financial Position (RMB'000)			
Cash	45,969,082	21,284,407	116%
Total assets	226,411,479	183,732,931	23%
Total liabilities	179,575,282	134,515,551	33%
Financial Ratios			
Net assets per share (RMB)	13.6	12.7	7%
Dividend payout ratio (%)	47.6	68.5	–31%
Return on equity (%)	14.7	13.2	11%
Net debt to total equity ratio (%)	159.9	124.3	29%

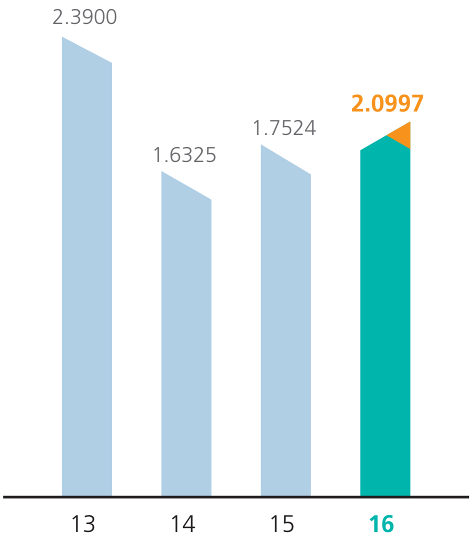
Revenue
RMB (in million)



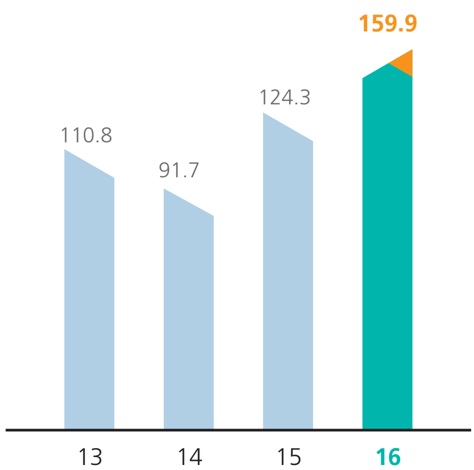
Profit attributable to owners of the Company
RMB (in million)



Basic earnings per share
RMB



Net debt to total equity ratio
%

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Letter to Shareholders

Strategic land bank acquisitions and abundant land resources position the Group for long-term sustainability and growth......

Dear Shareholders,

For 2016 the Group had a strong start with contracted sales growing significantly year-on-year. This set the tone for the Group's overall performance, despite the introduction of tightening measures later in the year. For most of the year, China's real estate sector recorded very strong volumes of contracted sales when compared against each month or year-on-year basis, largely on the back of policy easing and the availability of financing. In addition, general stability and a favorable economic environment ensured that macroeconomic factors did not create obstacles to the long-term sustainable development of the sector. The abolishment of China's one child policy and the country's greater focus on domestic investment created an ideal environment that stimulated sales across cities of various tiers and encouraged first-time purchasers. As a result, the Group was able to achieve its contracted sales target for the second year running, recording a high of RMB60.9 billion in contracted sales representing year-on-year growth of 12%. The corresponding amount of GFA sold in 2016 (4,693,500 sq.m.) also represented a record high, equivalent to a year-on-year increase of 14%. The tier 1 cities in which we operate were the strongest performers, but some notable tier 2 cities that enjoyed strong sales included Hainan, Huizhou, Fuzhou and its vicinity, and Wuxi.

SOLID CONTRACTED SALES SUPPORTED BY CITY DIVERSIFICATION

After setting a target for 2016 of RMB60 billion in contracted sales, the Group remained steadily on track each month to exceed its final sales target. The favorable industry environment was a catalyst that enabled the Group to accelerate its project launches to capture the sales momentum. Despite tightening policies having an impact on sales volume in the last quarter, these did not affect the Group's ability to meet its target. After making substantial land acquisitions in 2013, the Group has managed to grow the annual contracted sales from the RMB40 billion level to more than RMB60 billion over the past three years. For the three years ended 2016, contracted sales grew at a compound annual growth rate of 13% p.a. in terms of value, and 12% p.a. in terms of GFA.

Another notable achievement for the Group was the increase in geographical diversity of its contracted sales, which were spread across a larger number of cities and relied less on tier 1 cities that have historically been the backbone of the Group's sales strategy. In 2016, the top 10 cities contributed over 75% of total contracted sales, whereas in 2014 the same proportion of sales was concentrated in just the top 6 cities. Similarly, in 2016, the Group's tier 1 cities (Guangzhou, Beijing and vicinity, Shanghai and vicinity, Tianjin, and Hangzhou and vicinity) contributed 49% of its total contracted sales, whereas in 2014 the amount was over 66%. This diversification in contributions by city, and the increasing significance of contracted sales volumes from non-tier 1 cities, demonstrates the depth of our sales distribution network. The Group believes that by diversifying its sales distribution network, it is better able to weather cyclical fluctuations in certain markets and be more resilient in the face of government measures that have varying effects on different cities.

STRATEGIC LAND BANK ACQUISITIONS AND ABUNDANT LAND RESOURCES POSITION THE GROUP FOR LONG-TERM SUSTAINABILITY

As noted in our interim review, land banking has become more challenging as developers have become increasingly aggressive in acquiring land bank across various cities. The emergence of "land king" transactions together with higher average land costs have meant the Group has had to be more selective when replenishing its land bank. Furthermore, increased sources of low-cost financing and higher levels of cash proceeds from strong contracted sales has provided more capital for developers to participate in land auctions and undertake mergers with or acquisitions of project companies. This situation led the Group to seek alternative means such as mergers and acquisitions of replenishing its own land bank while still keeping its costs low. However, in the face of tightened liquidity and the introduction of austerity measures in the second half of 2016, the Group increased the pace of its land purchases, as prices trended lower, in order to lock in future land bank. In 2016, its total attributable land bank spending was RMB17.5 billion, which is equivalent to an estimated saleable area of 5,041,000 sq.m. and represents just under 30% of our contracted sales. For 2016 the average cost of land acquired was RMB3,500 per sq.m. The Group's total attributable land bank of 38,481,000 sq.m. equates to approximately RMB1,700 per sq.m. based on estimated saleable area.

In a highly competitive land banking environment, the Group has been seeking diversified methods of acquiring land. In 2016, the Group reached a significant milestone by entering the only tier 1 city in which it did not previously have a presence, Shenzhen. The Shenzhen property market is one of the most active and competitive markets in China, due to its strategic proximity to Hong Kong and the limited availability of new land supply there. With a large and mobile population dominated by trades and services, acting as a technology hub for new start-ups and entrepreneurs, and having its own stock exchange bourse, Shenzhen is fast becoming a prominent city center whereby the under-supplied property market will be a key beneficiary. With this in mind, the Group strategically acquired a project company with development rights for approximately 248,000 sq.m. of attributable land bank, plus further potential for development of up to another 1,000,000 sq.m. of land bank. This strategy of acquiring project companies ensures that land costs remain relatively reasonable, even in red-hot tier 1 cities.

An alternative means of acquiring land bank that has proven successful in the past has been to engage in redevelopment or relocation projects whereby existing land bank is acquired and rezoned in order to increase the GFA available for sale. Late in the second half of 2016, one of the Group's redevelopment project Guangzhou Maogang West Urban Village broke ground to officially commence development of the project. The project will redevelop up to approximately 940,000 sq.m. of GFA situated to the east of the city of Guangzhou, approximately 30 minutes travelling time from Guangzhou's central Pearl River New Town, enjoying an excellent location. The Group has had significant success with monetizing redevelopment and relocation projects in the past which is a testament to our ability to acquire land bank though non-traditional acquisition methods to keep overall acquisition costs low.

LOWER FUNDING COSTS AND GREATER CHOICE OF FINANCING CHANNELS

In 2016, the Group's weighted average cost of non-bank financing fell to 6.7% p.a., against 9.2% p.a. in 2015 after the Group issued domestic bonds of RMB6.5 billion at then historically low coupon rates of 4.95% p.a. In 2016, the Group went one step further by issuing a combined total of RMB42.5 billion in domestic bonds with coupon rates as low as 3.48% p.a., thus reducing the weighted average cost of its non-bank financing to 6.7% p.a. After refinancing its high interest-bearing debt and repaying maturities due, the average weighted cost of interest fell to 6.3% p.a. and average debt maturity increased to 3–4 years at the end of 2016. The refinancing exercise was part of a strategy to reduce the ongoing burden of the Group's debt financing and improve its overall financial liquidity by reducing its short-term maturities.

Another strategic decision made in the year was to exercise a call option on all our outstanding USD secured senior notes maturing in 2019 and 2020, in light of the improved financing environment and the wider availability of financing. Given the relatively high coupon rates of 8.5% p.a. and 8.75% p.a. respectively for the 2019 and 2020 bonds, the Group made plans to redeem the bonds when the call option was exercisable in January of 2017, and hence notified bondholders in December 2016. Hence, the balance of total debt at year-end takes into account factors such as certain secured commitment funding drawn down in USD in anticipation of meeting offshore funding requirements for the bond call after the balance sheet date.

Further to obtaining secured commitment funding at year-end, the Group also took advantage of improved market conditions at year-end to issue new 5-year US$265 million senior notes with a coupon of 5.75% p.a., maturing in 2022. After a positive response, the Group re-opened the senior notes in early January 2017 to raise a further US$460 million, making a combined transaction size of US$725 million. This transaction represented the largest single tranche offering by any Chinese developer in the last 12 months, and was the first time the Group had ever issued USD senior notes at rates below 6% p.a.

As the above financing exercise began prior to year-end but refinancing took place after year-end, the pro forma net effect (i.e. the net effect of year-end commitment financing related to USD loans, bond issuance, and the calls of bonds maturing in 2019 and 2020) was that net debt at year-end increased slightly to RMB74.88 billion, making a net debt to total equity ratio of 160%. The net effect of exercising the call option and of issuing new senior notes was that the Group's outstanding USD senior note fell to US$725 million. This will reduce any negative effects that could arise due to the potential further depreciation of the Renminbi against the US Dollar.

BUSINESS HIGHLIGHTS OF 2016

For the second year running the Group met its full year contracted sales target, with contracted sales increasing to RMB60.9 billion (a rise of 12% over contracted sales for 2015) on the back of more favourable market sentiment in China's property sector. There was never any doubt throughout the year that the Group would meet its full sales target, despite having set a higher target than for 2015. In line with the growth in contracted sales, gross floor area (GFA) sold also increased by 14%, to 4,693,500 sq.m. A notable difference in the breakdown of contracted sales in 2016 as against 2015 was their distribution across a larger number of cities than previously, with sales in tier one cities decreasing to 49% of total contracted sales, compared with 59% in 2015.

Turnover (for the accounting income statement) surpassed RMB50 billion for the first time in the Group's history. GFA delivery also reached a historical high of 4,209,000 sq.m., with average selling prices of RMB11,760 per sq.m., an increase of 1%. This occurred as the Group diversified away from a high proportion of tier 1 cities and fewer commercial properties were recognized. Correspondingly, turnover and GFA delivery increased by 21% and 20% respectively compared with the same period in 2015, and net profit increased by 5% to RMB7.06 billion. The Group's ability to maintain and increase the scale of its turnover in the last two years illustrates the success of management's execution strategy.

In 2016 the Group's land banking activities remained relatively prudent, given its perception that the overall land bank market was overheating as land auctions and acquisitions achieved record prices. Accordingly, the Group chose to be selective when making purchases. In 2016 the Group acquired 5,041,000 sq.m. of land to maintain a total attributable saleable area of 38,481,000 sq.m. after deducting the delivery of saleable area in 2016. The Group maintained its land banking focus on five key areas: the regions of the Pearl River Delta, Beijing-Tianjin-Hebei, the Yangtze River Delta, Taiyuan, and Hainan. Despite the very active market, the average cost of land acquired by the Group in 2016 was only RMB3,500 per sq.m., illustrating the Group's discipline in the area of cost controls. The Group was able to achieve such cost controls by undertaking project acquisitions and redevelopment projects in Shenzhen and Guangzhou, thus avoiding high auction prices.

Our overseas projects in Australia (Brisbane) and Malaysia (Johor Bahru) are currently undergoing presales, and are continuing to progress steadily. In particular, the initial launches of our Brisbane No.1 project have received an overwhelming response. Its growing success in overseas projects has enhanced the Group's confidence to expand further into new overseas destinations. The Group will continue to seek selective offshore opportunities that provides attractive long-term strategic benefits and returns.

In 2016, the Group continued to take advantage of the availability of lower-cost financing to reduce its existing high-cost debt or retire funding that it deemed expensive. After issuing RMB42.5 billion of domestic bonds at a weighted average cost of 4.65% p.a. during the year, the Group repaid or refinanced a significant amount of high cost debt. The result was that the effective cost of interest for the year (including all debt) decreased to 6.3% p.a. (compared with 7.8% p.a. in 2015). Significant debt repaid within the last 12 months included trust financing of RMB1.64 billion at approximately 11.4% p.a., US$388 million of senior notes with interest of 10.875% p.a., US$600 million of senior notes with interest of 8.75% p.a., and US$1 billion of senior notes with interest of 8.5% p.a. After the issuance of domestic bonds and its various refinancing exercises, the Group still has an approved quota of RMB7 billion and a pending application for a further quota of medium-term notes available as potential future financing channels. This means that the Group has adequate liquidity to meet its funding needs.

THE OUTLOOK FOR 2017

Changes in the political environment around the world following the recent US elections, expected rising US interest rates, and continued concerns about further Renminbi depreciation, means attention is turning back to China and its domestic strength as a driver for global growth. After growth of 6.7% in China's GDP in 2016, China growth is expected to remain relatively stable in 2017 despite concerns about asset prices and debt levels. China continues to be one of the most attractive countries in Asia in which to invest, and further improvements following the restructuring of its financial markets and expansion in its investment products should ensure that capital will remain in the region. In 2016, a total of 280 companies received A-share listing approvals, against 251 in 2015. The launch of the Shenzhen-Hong Kong Stock Connect in late 2016 should further stimulate investment interest in China's developing stock market. The acceleration of approvals also bodes well for the Group's pending A-share issuance plans.

After a year of strong contracted sales coupled with a significant number of developers having refinanced either domestic debt or early redemption of high interest-bearing US high-yield bonds, the sector is generally in a stronger liquidity position than a year ago. This is despite a series of tightening measures announced in some overheated cities at the beginning of the fourth quarter that have curbed transaction volumes and average selling prices. In 2016 and the beginning of 2017, the USD bond market was also quite active, enabling developers to take advantage of low funding cost environments to raise lower coupon and longer-dated bonds. The Group took advantage of the issuance window in early January 2017 by issuing US$725 million of senior notes maturing in five years with a coupon of 5.75%. This USD senior notes issuance was significant because it was the second largest tranche in the Group's issuance history, as well as being the lowest yielding coupon.

PLANS AND PROJECTS FOR 2017

With financing in place and a sufficient number of land acquisitions completed in the later half of 2016, the Group is well-positioned to continue with the execution of its growth plans in 2017. The Group has set a contracted sales target of RMB73 billion for the year, which represents growth of 20% over 2016. The contracted sales target is higher than that previously guided by the Group and therefore highlights our cautious optimism for the sector. The Group will continue to diversify its sources for contracted sales across a broader distribution of cities to increase the scale of its targeted sales. This increase in scale will have a negative effect on the absolute margins of projects for sale, but will be offset by larger sales volumes and a reduction in the risk of concentration in our key historical cities.

In line with its higher year-on-year contracted sales target, the Group will also steadily increase its GFA delivery schedule. Over the last few years, both its GFA under construction and its new starts have been largely in line with liquidity and market sentiment. With improved market sentiment and more financing available, the Group will look to increase both its GFA under construction and its new starts, to ensure that it has sufficient

GFA resources available for sale. The Group will target a higher level of new starts in 2017 to enable to it to meet its higher contracted sales target for 2017 as well as subsequent years.

After reviving its A-share listing plans in 2015, the Group continues to move towards its goal in 2017. With the pace of new listing approvals accelerating in the latter half of 2016, the Group has placed significant effort into advancing the progress of its listing application process. Listing is subject to approval by the China Securities and Regulatory Commission. We remain confident that approval will eventually be forthcoming.

ACKNOWLEDGEMENTS

The Group's momentum is increasing and its project scale is moving in the right direction according to the strategies highlighted above. On behalf of the Group's management, I would like to extend my appreciation for the loyalty shown by all our shareholders and investors. Without this continued support, and especially the confidence placed in management to navigate challenging conditions, the Group could not have achieved the successes of the past year. I would also like to thank our customers for the faith they have placed in the Group's development projects and for their recognition of the quality of our sales and development team. Lastly, with the Group's business footprint expanding both domestically and in overseas markets, it is critical to have a team of capable senior management and dedicated staff to execute our strategies and to deliver on our promises to shareholders. Hence, I would like to sincerely thank our Directors and our thousands of staff members for their commitment, hard work, and relentless efforts to ensure that each task and objective is completed to the highest standards. With such a team in place, alongside a set of clear objectives for growth, I and my management team are highly confident that the Group will reach a number of new milestones in 2017.

Li Sze Lim
Chairman

Zhang Li
Co-chairman and Chief Executive Officer

Business Review

CONTRACTED SALES

The Group generated contracted sales of RMB60.9 billion in 2016, increased 12% year-on-year. The contracted sales were derived from 65 projects in aggregate in 25 cities and regions across three main regions of China (Northern China, Southern China and Hainan), along with two overseas cities in Johor Bahru, Malaysia and Brisbane, Australia. On a regional basis, contracted sales for Southern China, increased by 10% to RMB19.323 billion, contracted sales for Northern China increased by 10% to RMB35.860 billion, while that for Hainan increased by 166% to RMB4.128 billion. At the city level, contracted sales for Beijing and Tianjin were the highest of all cities at RMB7.716 billion and RMB7.208 billion respectively, accounting for 13% and 12% of our total sales in 2016. The combined contracted sales for these two cities accounted for approximately 25% of the Group's total contracted sales. In 2016, the Group launched, in total, 7 new projects in 6 cities in China, accounting for 6% of total contracted sales of the Group. Total contracted sales of the Group in terms of GFA increased by 14% to 4,693,500 sq.m. from 4,110,400 sq.m., and the average selling price in 2016 was RMB13,000 per sq.m., substantially in line with RMB13,200 per sq.m. in 2015.

Details of the Group's 2016 contracted sales by geographical distribution are set out below:

Location	Approximate saleable area sold (sq.m.)	+/– % vs. 2015 (%)	Approximate total value (RMB million)	+/– % vs. 2015 (%)
Guangzhou	268,300	–41%	6,286	–44%
Huizhou	378,900	71%	3,606	122%
Chongqing	308,500	25%	1,691	30%
Chengdu	101,600	–27%	633	–16%
Fuzhou and vicinity	203,500	197%	2,984	125%
Meizhou	316,600	6%	1,633	7%
Guiyang	44,900	221%	425	248%
Foshan	45,900	139%	648	88%
Nanning	23,200	2,220%	240	1,579%
Zhuhai	37,400	6%	1,096	17%
Changsha and vicinity	10,800	N/A	81	N/A
Southern Region	**1,739,600**	**16%**	**19,323**	**10%**
Beijing and vicinity	356,900	–43%	7,716	–25%
Tianjin	409,200	12%	7,208	21%
Taiyuan	298,800	–46%	2,897	–40%
Xian	42,100	42%	315	8%
Shenyang	82,100	33%	567	6%
Harbin	97,400	–4%	1,252	–24%
Shanghai and vicinity	153,000	125%	4,451	90%
Hangzhou and vicinity	295,000	85%	3,866	76%
Nanjing and vicinity	140,200	38%	2,263	36%
Wuxi	252,500	73%	2,566	105%
Datong	102,100	143%	508	134%
Baotou	186,700	33%	1,258	41%
Zhengzhou	88,000	175%	993	229%
Northern Region	**2,504,000**	**3%**	**35,860**	**10%**
Hainan	**382,900**	**223%**	**4,128**	**166%**
Johor Bahru, Malaysia	**48,500**	**–20%**	**763**	**–25%**
Brisbane, Australia	**18,500**	**340%**	**791**	**356%**
Total	**4,693,500**	**14%**	**60,865**	**12%**

PROJECTS UNDER DEVELOPMENT

In response to changing market conditions, the Group was flexible in its approach to managing its properties under development during the year, aiming to ensure efficient deployment of its resources and to avoid accumulating excessive inventories. The Group started the year with approximately 12,319,000 sq.m. of GFA under development, and started construction of approximately 6,011,000 sq.m. GFA. During the year, the Group completed 5,306,000 sq.m. GFA of development properties with 4,165,000 sq.m. of saleable area, and completed 98,000 sq.m. GFA of investment properties. By the end of the year, the Group's GFA under development had increased by 3% to approximately 12,750,000 sq.m. which were distributed across 68 projects in 27 cities and regions. This GFA of properties under development at year-end together with further planned construction newly starts in 2017, is expected to make available pre-sale permits for properties with an approximate value of RMB140 billion, which should provide a solid basis for meeting the Group's sales target for 2017.

The following is the position as at 31 December 2016:

Location	**Number of projects**	**Approximate total GFA (sq.m.)**	**Approximate saleable area (sq.m.)**
Guangzhou	8	1,395,000	1,104,000
Beijing and vicinity	4	1,087,000	778,000
Tianjin	6	936,000	663,000
Taiyuan	5	911,000	524,000
Huizhou	3	857,000	693,000
Harbin	2	786,000	595,000
Hangzhou and vicinity	4	746,000	514,000
Chongqing	3	686,000	495,000
Johor Bahru, Malaysia	1	666,000	365,000
Shanghai and vicinity	3	572,000	322,000
Meizhou	1	570,000	386,000
Hainan	4	566,000	542,000
Fuzhou and vicinity	2	486,000	380,000
Zhengzhou	2	406,000	245,000
Wuxi	3	363,000	250,000
Datong	1	254,000	202,000
Baotou	1	237,000	203,000
Nanning	1	224,000	105,000
Foshan	2	212,000	169,000
Nanjing and vicinity	3	149,000	102,000
Zhuhai	1	135,000	99,000
Shenyang	2	109,000	53,000
Chengdu	1	105,000	74,000
Brisbane, Australia	1	92,000	78,000
Changsha and vicinity	1	72,000	61,000
Guiyang	1	67,000	48,000
Xian	2	61,000	34,000
Total	**68**	**12,750,000**	**9,084,000**

CURRENT MAJOR PROPERTY DEVELOPMENT

Southern China

The Group entered into a new city in the region during the year. Currently, its operations in Southern China covered 11 cities, which all contributed contracted sales in the year. This was the first year for Changsha and vicinity to contribute contracted sales to the Group.

Guangzhou is the Group's key city in Southern China. In terms of contracted sales of the Group, the city ranked first in Southern China and ranked third for all the cities where the Group operates. Contracted sales for Guangzhou in the previous year amounted to RMB6.29 billion, which were mainly derived from 9 continuing projects. Sales performances of R&F Dongshan Xintiandi and Tianying Plaza (Liede Project) were satisfactory, accounting for approximately 36% and 16% of contracted sales in Guangzhou respectively. In 2017, the Group will continue to put efforts on R&F Yuexi.

Huizhou is one of the cities where the Group has been operating for years. In 2016, contracted sales of Huizhou R&F Bay Shore reached RMB2.34 billion. The project is located at the heart of the top three seaside tourist attractions in Guangdong Province, namely Xunliao Bay, Shangyue Bay and Yapo Corner, which is an international seaside tourist resort that set to have entertainment and wellness lifestyle in one development, with planned site area of 1,318,673 sq.m.

In addition to the above cities, the Group's R&F Center in **Fuzhou** was well-received by the public in 2016, with contracted sales reaching RMB1.88 billion. In 2017, the Group will put efforts on Putian R&F Shangyue Court which is located in Putian Yuhu New Town with planned site area of 132,000 sq.m. and a total GFA of 434,000 sq.m.

The sales of **Meizhou** R&F City was satisfactory with approximately RMB1.63 billion in 2016. The saleable area of the project is anticipated to be more than 350,000 sq.m. in 2017, which expects to bring to the Group a considerable revenue. Meizhou R&F City is located at the core zone of Meixian New Town in Meizhou City with planned site area of 662,942 sq.m. and a total GFA of 2,351,581 sq.m. The project is planned for the construction of mid-to-high end residential properties.

Northern China

The Group did not develop any new markets in Northern China during the year. Among the 13 cities in Northern China, **Beijing**, **Tianjin, Shanghai, Hangzhou** and **Taiyuan** were the key sales contributors. The 5 cities provided 20 projects for sales with up to approximately RMB26.1 billion of total contracted sales.

In 2016, the contracted sales of the Group in **Beijing** and its vicinity reached approximately RMB7.7 billion, achieving outstanding performance and ranked first in the country. The contracted sales was principally driven by two projects, namely Tongzhou R&F Center and Beijing R&F New Town. Tongzhou R&F Center Project (also known as Tongzhou R&F Yunhe No. 10) is located in Tongzhou New Town of Tongzhou District, Beijing with a planned site area of 69,796 sq.m. and a total GFA of 465,800 sq.m. It will provide apartments, commercial properties and offices in one development. The apartments will mainly be flats with high-quality decor complemented by high-end properties management. Beijing R&F New Town is located in Xianghe New Town District adjacent to the Xianghe Exit of Jingha Expressway in Xianghe County. Xianghe is located along the core corridor zone of the Beijing-Tianjin-Hebei region and connects with the business circle in eastern Beijing. The project has a total GFA of 1,937,660 sq.m. and is planned for the construction of rigid demand residential properties. In 2017, major projects of the Group to be put into the market in Beijing will remain Tongzhou R&F Center Project and Beijing R&F New Town.

In 2016, the contracted sales of the Group in **Tianjin** totaled approximately RMB7.20 billion, over 50% of which was from R&F Jinmen Lake. Tianjin R&F New Town also contributed RMB1.62 billion to the area. Tianjin R&F New Town is located at the junction of Renai Avenue and Zeshui North Road in Tuanpo New Town Eastern District in Tianjin. The project is planned to be built into an integrated complex featuring mainly low density residences and high-rise residential buildings, complemented by boutique commercial properties. The Group still focused on the launch of Tianjin R&F Jinmen Lake and Tianjin R&F New Town in 2017.

In 2016, the contracted sales of Group in **Shanghai** and vicinity totaled approximately RMB4.45 billion, mostly from R&F Hongqiao No.10, of which contracted sales reached RMB3.51 billion, with 88,400 sq.m. GFA sold. The project is located within the core area of Hongqiao Business Zone in Minhang District, providing a variety of properties, such as high-end residential units, office towers of international standards, customized offices, flagship commercial properties and high-end hotels. In 2017, R&F Hongqiao No.10 is still the main development and sales project in Shanghai and its vicinity of the Group.

In 2016, the contracted sales of the Group in **Hangzhou** and vicinity approximately RMB3.87 billion, mainly driven by Hangzhou R&F No.10 and Huzhou R&F City. Huzhou R&F City, which is located in Wuxing district, Huzhou city, with site area of 197,762 sq.m. and a total GFA of 461,744 sq.m., and is planned for the construction of rigid demand residential properties. In 2017, major sales projects in Hangzhou and vicinity are Hangzhou R&F Xixi Resident, Hangzhou R&F No.10 and Huzhou R&F City.

In 2016, the contracted sales of the Group in **Taiyuan** totalled approximately RMB2.90 billion, mostly from Taiyuan R&F Prosperous Palace. In addition to the launch of Taiyuan R&F City, Taiyuan R&F Prosperous Palace and Taiyuan R&F Xiyue Court for sale, the Group is expected to launch the sales of Taiyuan R&F Shangyue Court as well as Taiyuen R&F City Garden No. 8 to further increase the sales in Taiyuan in 2017.

Hainan

In 2016, the Group provided 4 projects for sale in Hainan, including R&F Bay Shore, R&F Yingxi Valley, R&F Mangrove Bay and R&F Moon Bay Shore. The contracted sales for the year of the 4 projects contributed RMB4.13 billion to the Group.

Overseas

For overseas markets, R&F Princess Cove located in Johor Bahru, **Malaysia** has drawn much attention from all sectors since its launch in mid-2014. In 2015, R&F Princess Cove won the People Choice award 2015 for "Best Waterfront Development in Malaysia" presented by iProperty.com, the most influential professional online property portal website in Malaysia and Singapore. The award was voted by over 3,000 local residents and the nominees for the award included Country Garden Danga Bay and Greenland Jade Palace, showing a relatively high reputation of R&F Princess Cove in Malaysia. In 2016, the Group has launched large-scale promotion activities, which successfully drove the sales volume.

The Group launched R&F Brisbane No. 1 for sale in **Australia** in 2016. The project is well-equipped with full facilities, including swimming pool, sky garden, indoor club and fitness center on the top level. For the apartment design, Brisbane One Project provides dual key apartments which could principally address market demand in Australia. Dual key apartments are commonly found in Singapore and believed to be well received by both users and investors. Apart from R&F Brisbane No. 1, the Group plans to launch Brisbane Kangaroo Point Project and Melbourne R&F Kinnears Project by stages.

LAND BANK

In 2016, the Group continued to apply the same conservative and balanced criteria as its general direction towards land acquisitions. The general principles on land assessment of the Group during the year were total price being reasonable, fulfillment of profit forecast and quickness of turnover. The Group acquired 22 plots of land in 15 cities and regions with additional saleable area of approximately 5,041,000 sq.m. in 2016, 13 out of the 22 plots of land are located in the cities and regions where the Group currently has operations and 9 out the 22 plots of land are located in Shenzhen, Ningbo, Yantai, Nanchang, Qinhuangdao and Huhhot where we have newly established business presence. The Group's total land bank at year-end was total attributable GFA of approximately 42,965,000 sq.m. distributed across 32 cities and regions in China and 3 overseas cities. Details are given below:

Location	Approximate total GFA (sq.m.)	Approximate saleable area (sq.m.)
Development Properties		
Guangzhou	1,152,000	953,000
Shenzhen	442,000	248,000
Foshan	212,000	170,000
Zhuhai	388,000	352,000
Huizhou	2,882,000	2,734,000
Meizhou	1,595,000	1,412,000
Hainan	3,178,000	3,104,000
Changsha and vicinity	3,366,000	3,299,000
Fuzhou and vicinity	1,022,000	981,000
Nanchang	203,000	203,000
Nanning	294,000	166,000
Chongqing	4,547,000	4,356,000
Chengdu	169,000	122,000
Guiyang	67,000	48,000
Shanghai and vicinity	510,000	287,000
Nanjing and vicinity	987,000	873,000
Hangzhou and vicinity	824,000	658,000
Ningbo	783,000	684,000
Wuxi and vicinity	1,417,000	1,334,000
Beijing and vicinity	1,503,000	1,135,000
Shijiazhuang	792,000	718,000
Qinhuangdao	232,000	232,000
Tianjin	3,814,000	3,527,000
Yantai	197,000	197,000
Xian	325,000	299,000
Taiyuan	2,304,000	1,861,000
Datong	1,885,000	1,833,000
Harbin	1,327,000	1,137,000
Shenyang	140,000	70,000
Baotou	1,199,000	1,165,000
Huhhot	217,000	217,000
Zhengzhou	651,000	320,000
Johor Bahru, Malaysia	2,570,000	2,090,000
Melbourne, Australia	163,000	163,000
Brisbane, Australia	212,000	198,000
Investment Properties	**1,396,000**	**1,335,000**
Total	**42,965,000**	**38,481,000**

INVESTMENT PROPERTIES

One of the Group's key business strategies continues to be owning a portfolio of investment properties that generate a reliable cash flow through the ups and downs of the economic cycle. The Group plans to grow its investment portfolio over time, and at an appropriate pace, into a collection of rental office buildings, shopping malls and hotels of the highest quality and capital value. These qualities can already be seen in its existing key properties, which include the Group's office building, R&F Center, in Pearl River New Town in Guangzhou, and its shopping mall, Viva Beijing R&F Plaza, both of which also enjoy the benefit of excellent locations. During the year, 2 new hotels were added to the portfolio, while a further 1,125,000 sq.m. of investment properties of all categories was at various stages of construction. Situated atop the metro station, the shopping mall R&F Haizhu City enjoys the benefit of excellent location and has already been fully operating in 2016.

The newly-operating hotels include Marriot Resort & Spa Hainan Xiangshui Bay and Holiday Inn Chongqing University Town. All these hotels are operated by reputable international hotel management companies and are characterized by the highest hospitality industry service standards, maintaining high competitiveness in their respective localities. They add diversity to the Group's existing hotel portfolio, mainly made up of city-centre business hotels and comprising 5-star hotels in Beijing, Guangzhou, Chengdu, Chongqing, Huizhou, Taiyuan and Hainan. The Group currently owns 14 operating hotels. Investment properties completed or in the pipeline or under planning are as follows:

Investment properties	Location	Description	Approximate total GFA (sq.m.)
Guangzhou			
The Ritz-Carlton, Guangzhou*	Pearl River New Town J2-7	5-star hotel 351 rooms and 91 serviced apartments	104,000
Grand Hyatt, Guangzhou*	Pearl River New Town F1-2	5-star hotel 375 rooms	115,000
R&F Center*	Pearl River New Town J1-4	54-storey office building	163,000
Holiday Inn Guangzhou Airport Zone*	R&F Jingang City	4-star hotel 340 rooms	38,000
Park Hyatt, Guangzhou*	Pearl River New Town J1-1	5-star hotel 208 rooms	35,000
Conrad, Guangzhou#	Pearl River New Town Liede Village	5-star hotel 350 rooms	39,000
R&F Haizhu City*	R&F Tianyu Center	Shopping mall	50,000
Guangzhou International Airport R&F Integrated Logistics Park*	Guangzhou R&F Jingang City	Logistics Park	1,200,000
R&F Merchandise City (Huadu Shiling Project)#	Shiling Avenue, Huadu District	Commercial	613,000
Beijing			
Renaissance Beijing Capital Hotel*	Beijing R&F City	5-star hotel 531 rooms	120,000
R&F Center*	Beijing R&F City	Office building	60,000
Viva Beijing R&F Plaza*	Beijing R&F City	Shopping mall	111,000
Holiday Inn Express Temple of Heaven Beijing*	R&F Xinran Court/Plaza	4-star hotel 316 rooms	22,000
Tianjin			
Marriott Hotel, Tianjin	Tianjin R&F City	5-star hotel 400 rooms	58,000
R&F Plaza*	Tianjin R&F City	Shopping mall	43,000

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Investment properties	Location	Description	Approximate total GFA (sq.m.)
Huizhou			
Renaissance Huizhou Hotel*	R&F Ligang Center	5-star hotel 342 rooms	54,000
Hilton Huizhou Longmen Resort	R&F Hot Spring Valley	5-star hotel 350 rooms	45,000
Doubletree Resort by Hilton, Huizhou R&F Bay Shore	Huizhou R&F Bay Shore	5-star hotel 310 rooms	47,000
Intercontinental Huizhou Resort*	Huizhou R&F Huilin Hot Spring Village	5-star hotel 200 rooms	52,000
Chongqing			
Hyatt Regency, Chongqing*	Jiangbei District	5-star hotel 321 rooms	46,000
R&F Ocean Plaza (Retail)*	R&F Ocean Plaza	Shopping mall	73,000
Holiday Inn Chongqing University Town*	Chongqing R&F City	4-star hotel 376 rooms	56,000
Chengdu			
R&F Plaza* (Former R&F Tianhui Mall)	Panda City	Shopping mall	255,000
The Ritz-Carlton, Chengdu*	Panda City	5-star hotel 353 rooms	57,000
Hainan			
Doubletree Resort by Hilton, Haikou–Chengmai*	R&F Mangrove Bay	5-star hotel 309 rooms	45,000
Marriott Resort & Spa Hainan Xiangshui Bay* & Yacht Club	R&F Bay Shore	5-star hotel 447 rooms	76,000
R&F Ocean Paradise (Ocean Park Project)	Lingshui County	Hotel, travel & commercial	477,000
Xian			
R&F Holiday Inn Xian	Xian R&F City	4-star hotel 380 rooms	50,000
Harbin			
The Ritz-Carlton, Harbin	R&F Jiangwan New Town	5-star hotel 350 rooms	67,000
Taiyuan			
Pullman Taiyuan R&F Hotel*	Taiyuan R&F City	5-star hotel 280 rooms	43,000
Shanghai			
Hyatt Place, Shanghai#	Jiayu Wan	5-star hotel 150 rooms	16,000
The Ritz-Carlton, Shanghai	Shanghai R&F Hongqiao No. 10	5-star hotel	58,000
AC Hotels, Shanghai	Shanghai R&F Hongqiao No. 10	Business hotel	16,000

* *Completed, operating and pre-opening*

\# *Joint Venture Project*

OUTLOOK

For 2017, the Group's contracted sales target has been set at RMB73 billion, approximately 20% more than its actual contracted sales for 2016. This target will be achieved from sales of 84 projects in 31 cities and areas and 3 overseas cities, which will deliver 4,781,000 sq.m. of properties. The details are set out below:

	To be complete in 1st half of 2017		To be complete in 2nd half of 2017	
Location	**Approximate total GFA (sq.m.)**	**Approximate total saleable area (sq.m.)**	**Approximate total GFA (sq.m.)**	**Approximate total saleable area (sq.m.)**
Guangzhou	64,000	56,000	148,000	104,000
Foshan	126,000	99,000	—	—
Zhuhai	—	—	135,000	99,000
Huizhou	446,000	347,000	104,000	85,000
Chengdu	60,000	44,000	45,000	31,000
Chongqing	45,000	35,000	392,000	297,000
Changsha and vicinity	39,000	39,000	11,000	11,000
Meizhou	87,000	86,000	301,000	207,000
Fuzhou and vicinity	—	—	182,000	143,000
Hainan and vicinity	103,000	98,000	286,000	273,000
Beijing and vicinity	338,000	238,000	404,000	354,000
Shijiazhuang	—	—	89,000	67,000
Tianjin	7,000	7,000	123,000	99,000
Taiyuan	129,000	115,000	431,000	395,000
Datong	26,000	25,000	130,000	127,000
Baotou	74,000	71,000	172,000	162,000
Xian	—	—	45,000	35,000
Shanghai	11,000	10,000	111,000	64,000
Nanjing and vicinity	31,000	30,000	120,000	76,000
Hangzhou and vicinity	73,000	28,000	209,000	193,000
Wuxi	—	—	187,000	150,000
Harbin	82,000	76,000	165,000	160,000
Shenyang	—	—	69,000	53,000
Malaysia	—	—	439,000	192,000
Sub-total	**1,741,000**	**1,404,000**	**4,298,000**	**3,377,000**
JV (Attributable)	200,000	75,000	233,000	189,000
Investment Properties	11,000	11,000	375,000	375,000
Total	**1,952,000**	**1,490,000**	**4,906,000**	**3,941,000**

Our Property Portfolio

Chuzhou R&F Wuyi Water Town

Hainan R&F Mangrove Bay

Taiyuan R&F Xiyue Court

Meizhou R&F City

Shanghai R&F Hongqiao No.10

Shenyang R&F Shangyue Court

Beijing R&F New Town

Datong R&F City

Hangzhou R&F No.10

Xiangjiang R&F City

Our Property Portfolio

Wuxi R&F No.10

Chengdu R&F Peach Garden

Huizhou R&F Modern Plaza

Xian R&F Bailuwan

Harbin R&F Jiangwan New Town

Map


Harbin
Shenyang
Huhhot
Beijing
Qinhuangdao
Baotou
Datong
Shijiazhuang
Tianjin
Yantai
Taiyuan
Xian
Zhengzhou
Chengdu
Wuxi
Chongqing
Nanjing
Shanghai
Hangzhou
Guiyang
Changsha
Nanchang
Ningbo
Nanning
Fuzhou
Meizhou
Huizhou
Guangzhou
Foshan
Shenzhen
Zhuhai
Hainan
Johor Bahru
Brisbane
Melbourne

Investor Relations

The Company places great importance on opinions from the capital markets, therefore we maintain an effective dialogue with our industry analysts and corporate investors through regular information disclosure and active communication in 2016. The aim of the Company's relation with investors is to allow investors to make an informed assessment of the Company and attain a high level of governance, maximize the benefits of the Company as a whole and protect investors' legal right.

During the year, the Company announced the 2015 Annual Results and the 2016 Interim Results. By organizing meetings with analysts and press respectively, the Chairman being accompanied by the management met the investors personally and answered related questions in detail. Moreover, the Company sought opportunities to interact in depth with hundreds of institutional investors one by one through non-deal roadshows ("NDR") after the results presentation in various places like Hong Kong, Singapore, London and New York.

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

The Company has facilitated regular investor site visits, engaged in face-to-face meetings, held conference calls, and participated in investor conferences to make available ourselves for every opportunity to inter-react with investors. The Company values every opportunity to engage in open conversation with the investment community to provide updates on industry developments, upcoming trends and the overall macro environment. In 2016, we attended 22 global conferences, post-result analyst meetings, and NDR in Asia, Europe and the U.S.

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

Month	Conference/Roadshow
March	• Post-result NDR with Deutsche Bank ("DB") (Hong Kong) • Post-result NDR with Bank of America Merrill Lynch ("BAML") (Hong Kong) • Post-result NDR with The Hong Kong and Shanghai Banking Corporation Limited ("HSBC") (Hong Kong) • Post-result NDR with HSBC (Singapore)
April	• United Bank of Switzerland Annual HK China Property Conference (Hong Kong) • HSBC 6th Annual Greater China Property Conference (Hong Kong)
May	• Macquarie Greater China Conference 2016 (Hong Kong) • HSBC China Conference (Shenzhen) • Commerce International Merchant Bank ("CIMB") China Property Corporate Day (Hong Kong) • Deutsche Bank 7th Annual db Access Asia Conference (Singapore)
June	• HSBC 4th Annual Asia Investor Forum (London) • J.P. Morgan 12th Annual Global China Summit (Beijing) • Citibank ("Citi") Asia Pacific Property Conference (Hong Kong)
August	• Post-interim Result NDR with BAML (Hong Kong) • Post-interim Result NDR with Citi (Hong Kong) • Post-interim Result NDR with HSBC (Hong Kong) • Post-interim Result NDR with HSBC (Singapore) • Post-interim Result NDR with CIMB (Hong Kong)
September	• BAML 2016 Global Real Estate Conference (New York)
November	• BAML 2016 China Conference (Beijing) • Citi's 11th China Investor Conference 2016 (Macau) • Fifteenth Annual Asia Pacific Summit (Singapore)

WORKPLACE AND EMPLOYEES

The Group endeavours to build a workplace where there are open communication, trust and respect among employees. A healthy work-life balance for employees is encouraged. The Group offers an all-round and cozy working environment as well as other ancillary facilities to its employees to alleviate their concerns at work.

The Group has always given training of employees a high priority and it has become even more important with the Group growing not only in China but also expanding overseas to Malaysia, Australia and Korea. The Group adopts a proactive approach to employees training and development believing in its long-term value and positive impact. Training encompassing professional and general technical skills, as well as management and career development which suit employees at all departments and levels are offered as appropriate. During the year, with enhanced promotional efforts, the Group continued with existing and at the same time introduced new up-to-date training modules such as R&F Star programme (including graduate internship programme), R&F induction training, and specific programmes for new managers and senior management such as advanced training course on engineering management by Tsinghua University, design training camp in Finland, Talent A/B programme and practical training camp for general managers.

During the year, in order to encourage employees to develop hobbies other than work and study so as to achieve work-life balance, the Group introduced new elements to its training programmes, such as R&F Seminar, English Enhancement Programme, Morality Talk, and staff care. R&F Seminar, led by different professional senior management teams, provides professional universal courses to employees, while English Enhancement Programme creates a favourable environment for employees to strengthen and solidify their English proficiency through active participation, which secures manpower for the Company's overseas expansion.

Luming Tower, the library built with the funds donated by the Group

Adhering to its philosophy of "people oriented", the Group offers diversified trainings to ensure sustainable supply of high-calibre manpower for the Group's development and expansion.

SOCIAL RESPONSIBILITY

1. In April 2014, the Group donated RMB1.5 million for the construction of the 3-storey library "Luming Tower" (鹿鳴樓) with the area of 800 sq.m. in Laowan Junior High School of Zongyang County, Anqing City, Anhui Province (安徽省安慶市樅陽縣老灣初級中學) through Guangdong Red Cross. The library was completed and put into use on 25 May 2016. This time the donation was also used to finance renovation projects for the basketball court and campus greening which greatly improved the appearance of the campus of Laowan Junior High School.

2. On 29 May 2016, *The Adventure of Pinocchio*, an original children's musical, was staged to great success in Beilei Theatre of Guangzhou Children's Palace (廣州少年宮蓓蕾劇院). Over 400 children and their families were invited to enjoy this charitable children's stage play in the fourth year of the Group's relentless efforts of arranging Children's Day events. In hopes of diversifying the activities provided, this year we cooperated with Guangdong TVS-5 Children's Channel (廣東少兒頻道) to give children a merry moment.

   The caring activities on children held by the Group for 1 June have become a part of our yearly charitable project. These diversified children's activities come in different forms, including the provision of moral education as a complement to family education, cultural and sport activities for schoolchildren aiming to cultivate their awareness for health and exercises, and everyday practical knowledge seminars for children to promote the awareness of safety concern in society. These charitable activities aim to spread love and encourage positive thinking. It is hoped that a joyous episode will be brought to the growth and development for children.

3. On 7 September 2016, the volunteer team formed by the employees of the Public Affairs Department and the Football Club of the Group came to the R&F Ci'en Building, an elderly home in Guangzhou (廣州市老人院富力慈恩樓) to celebrate the Mid-Autumn Festival with over 160 elderly citizens and offer gifts to them. So far, it is the fourth consecutive year that the volunteer service team of the Group paid visits to elderly homes to pay tribute to the elderly citizens.

4. After the Group initiated last year the education support fundraising campaign for 100 children in need in Meizhou to go to school, the Group's target extends to the Huidong County again in November 2016, where kids can fulfill their dream for education. The Group made a donation to 100 children in need to help them finish their education as well as offering some books and learning materials. Visits will be organized regularly after the donation to understand their latest conditions.

5. As at 31 December 2016, the Group made donation of over RMB259 million in aggregate.

Group picture taken with the elderly citizens

ENVIRONMENTAL PROTECTION

In keeping with the energy conservation and environmental protection policies of the government, the Company implemented various practices in its electric layouts to save energy and reduce emission. Innovative design ideas were adopted in the details of the layouts according to the needs of property owners and clients.

For energy conservation, auto switch-off controls were used for the lightings installed in the staircase of residential communities, buildings, office buildings, hotels and shopping malls. Control by circuit and by timeslots was used for the lightings in the lobbies, public corridors and underground carparks to save power. LED lightings were installed as much as possible. Variable-frequency control technology was used in large-scale public infrastructure project to minimise energy consumption by water pumps and air conditioning.

For water conservation, rainwater collection technology was implemented by the Company for building underground water tanks used which allow collection and usage of rainwater for irrigating the greeneries and street cleaning in the communities during rainy season and use pipeline water during dry season or water shortage. The technique has been applied in Ying Yao Plaza.

For environmental protection, solar water heater systems were installed in the residential buildings in Hainan or projects where central heating is provided to enhance the ecological value of the equipment.

For all of the property development projects of the Group, environmental reviews have been conducted and passed by the relevant authorities, and environmental laws and regulations are strictly abided by during production and operation. Pollutant emission is within the related national environmental standards.

To facilitate a low-carbon environment, the Group planted a variety of species of plants in adaptation to local climatic conditions and the natural botany in its garden and park design. Horizontal and vertical greeneries were in place in the car parks, rooftops and balconies. Rainwater collection and recycle facilities were used to collect water for the artificial lakes. Permeable materials were used for the paving of non-vehicle roads, ground-level carparks, and other hard paving, and greenery is used to provide shading. In addition to the development and construction process, energy saving and environmental conservation were also a concern for the Group after the communities finished construction, emphasising low-carbon emission. A variety of outstanding outdoor activities helps encourage property owners to adopt a low-carbon lifestyle, starting by energy saving.

CUSTOMER COMMUNICATIONS AND SERVICES

Directly dealing with our vast customer base, the Customer Service Department of the Group is the major channel through which the Company establishes its means of communication and information sharing with our customers, processing complaints and offering after-sale services, conducting timely and effective follow-up, handling and resolving customer requests, and preparing for the materials for filing. In order to maintain our good relations with customers during and after sale, enhance our reputation among customers and improve customer loyalty, the department works with other departments of the Group to encourage the uninterrupted operation and sustainable development of the Group.

Adhering to the principle of catering to customer needs with respect and good treatment for customers and always going the extra length to provide quality service, we maximise customer satisfaction, enhance our reputation as well as competitiveness in the industry.

The Group's profit for the year increased by 5% to RMB7.056 billion, from RMB6.712 billion in the previous year. Revenue from property development increased by 21% to RMB49.489 billion in 2016 from RMB40.744 billion in 2015 and profit from property development decreased by 2% to RMB6.058 billion in 2016 from RMB6.178 billion in 2015. During the year, due to the depreciation of the exchange rate of RMB to US dollars and the proposed redemption of USD1.6 billion senior notes, the Group had incurred a foreign exchange loss of RMB0.61 billion and an accrued early redemption premium for senior notes of RMB0.48 billion respectively. Rental income increased 7% and brought profit for the property investment segment to RMB423 million not taking into account the fair value gains from investment properties of RMB1.741 billion (2015: RMB1.106 billion). The hotel operations recorded a loss of RMB183 million as compared to a loss of RMB167 million the prior year. The Group's other business segments (including construction services and the soccer team) recorded a loss of RMB550 million as compared with a loss of RMB509 million the previous year.

The Group carries out its core business of property development in 19 cities. The following comments, with the exception of #7 (on finance costs) and #9 (on profit for the year), relate only to the results from sales of properties:

CONSOLIDATED INCOME STATEMENT

2016

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

2015

	Note	Property development (RMB'000)	Property investment (RMB'000)	Hotel operation (RMB'000)	All other segments (RMB'000)	Group (RMB'000)
Turnover	1	40,744,245	857,255	1,181,150	1,508,274	44,290,924
Cost of sales	2	(26,952,819)	(152,270)	(932,163)	(2,046,601)	(30,083,853)
Gross profit	3	13,791,426	704,985	248,987	(538,327)	14,207,071
Other income and other gains — net	4	321,544	1,105,652	1,804	89,092	1,518,092
Selling and administrative expenses	5	(2,898,569)	(70,274)	(252,884)	(84,502)	(3,306,229)
Operating profit/(loss)		11,214,401	1,740,363	(2,093)	(533,737)	12,418,934
Finance costs	7	(1,639,068)	(128,414)	(221,168)	(165,345)	(2,153,995)
Share of results of joint ventures	6	1,343,455	—	—	—	1,343,455
Share of results of associates	6	(30,828)	—	—	11,935	(18,893)
Profit/(loss) before income tax		10,887,960	1,611,949	(223,261)	(687,147)	11,589,501
Income tax (expense)/credit	8	(4,709,625)	(401,518)	55,815	178,099	(4,877,229)
Profit/(loss) for the year	9	6,178,335	1,210,431	(167,446)	(509,048)	6,712,272

Financial Review

1. Revenue increased by 21% to RMB49.489 billion, from RMB40.744 billion in the previous year. This revenue was based on delivery of 4,209,000 sq.m. of sale properties in the year which was approximately 20% more than the 3,514,000 sq.m. delivered the previous year. Overall average selling price increased to RMB11,760 per sq.m. from RMB11,590 per sq.m., a moderate increase of 1%. Four out of nine significant projects (with revenue not less than RMB1 billion) having comparable selling prices in prior year registered increase in average selling price. These projects which accounted for 20% of total revenue included R&F New Town and R&F Huilan Meiju in Beijing, R&F City in Taiyuan and R&F Shangyue Court in Nanjing and had average selling price increased between 1% to 35% from the previous year. The five significant projects with selling price decrease were Guangzhou R&F Dongshan Xintiandi, Tianjin R&F Jinmen Lake, Meizhou R&F City, Hainan R&F Mangrove Bay and Fuzhou R&F Center which accounted for 28% of total revenue and had a decrease of 2% to 25% in average selling price. New projects accounted for approximately 24% of total revenue. These included two residential projects in Beijing Tongzhou and Shanghai Hongqiao, which together contributed RMB5.4 billion in revenue at an average selling price of RMB39,450 per sq.m. For revenue by city, Beijing had the highest revenue of RMB8.572 billion (2015: RMB10.276 billion) and followed by Tianjin and Guangzhou each accounting for 17%, 14% and 14% (2015: 25%, 9% and 30%) of total revenue respectively. Revenue in Beijing remained high. A new project, Beijing Tongzhou R&F Centre, delivered 67,800 sq.m. at an average selling price of RMB36,790 per sq.m. and generated RMB2.494 billion in revenue. Revenue of Tianjin for the year increased by 88% to RMB7.138 billion (2015: RMB3.797 billion). The flagship project, R&F Jinmen Lake, delivered 244,190 sq.m. (2015: 73,060 sq.m.) at an average selling price of RMB20,620 sq.m. (2015: RMB27,440 sq.m.) and generated RMB5.036 billion (2015: RMB2.005 billion) in revenue. Revenue of Guangzhou decreased by 44% to RMB6.723 billion (2015: RMB12.043 billion) due to RMB4.710 billion in revenue from R&F Ying Yao Plaza was included in last year as compared to only RMB123 million in the current year. Aside from the three cities mentioned above, Hangzhou and Taiyuan had revenue exceeding RMB4 billion which were both a record high. In Hangzhou's case, it was mainly due to the delivery of four new projects, Hangzhou R&F Xixi Resident alone delivered 82,000 sq.m. at an average selling price of RMB15,440 per sq.m. and generated RMB1.266 billion in revenue. In Taiyuan's case, it was the increased delivery of its flagship project R&F City. Shanghai's revenue substantially increased from the previous year to RMB3.178 billion which was coming from a new project, R&F Hongqiao No. 10. Nanjing and Hainan with revenue exceeding RMB2 billion, its revenue came from its continuing project R&F Shangyue Court and R&F Mangrove Bay respectively.

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

Project	Approximate saleable area sold (sq.m.)	Amount of turnover (RMB'000)	Percentage attributable to the Group (%)
Beijing			
Tongzhou R&F Center	67,798	2,494,196	100%
R&F Huilan Meiju	133,194	2,405,063	100%
R&F New Town	276,705	2,025,830	100%
R&F Shengyue Court	19,241	667,681	100%
R&F Festival City	25,226	395,292	100%
R&F Xinran Court	13,330	300,869	100%
R&F Golden Jubilee Garden	7,090	73,040	100%
R&F Shangyue Court	3,449	57,025	100%
R&F American Dream Island	7,871	42,708	100%
R&F Danish Town	2,268	41,463	100%
R&F Danish Town Phase II	6,963	39,202	100%
R&F City	2,598	19,436	100%
Others	2,999	10,602	100%
	568,732	**8,572,407**	
Tianjin			
R&F Jinmen Lake	244,192	5,035,700	100%
R&F New Town	98,450	972,933	100%
R&F Shangyue Court	119,758	940,717	100%
R&F Center	7,299	118,844	100%
R&F City	2,177	42,211	100%
R&F Peach Garden	6,574	19,841	100%
	478,450	**7,130,246**	
Guangzhou			
R&F Dongshan Xintiandi	109,884	4,347,458	100%
Foshan R&F Plaza	101,292	933,591	100%
R&F Yuexi	31,709	472,309	100%
R&F Hot Spring Village	27,826	260,925	100%
R&F Nansha Tangning (Nansha Prosperous Palace)	18,739	205,053	100%
R&F Ying Yao Plaza	2,425	123,152	100%
R&F Yingtong Plaza	3,594	116,559	100%
R&F Tangning Garden	2,105	71,047	100%
R&F Jingang City	8,021	58,801	100%
R&F Haizhu City	1,811	46,554	100%
R&F Peach Garden	3,722	34,786	100%
Others	4,883	52,471	100%
	316,011	**6,722,706**	

Project	Approximate saleable area sold (sq.m.)	Amount of turnover (RMB'000)	Percentage attributable to the Group (%)
Taiyuan			
R&F City	467,296	3,554,300	100%
R&F Xiyue Court	40,906	309,394	100%
R&F Prosperous Palace	24,507	218,603	100%
R&F Peach Garden	29,906	182,126	100%
	562,615	**4,264,423**	
Hangzhou			
R&F Xixi Resident	122,188	1,908,296	100%
R&F No. 10	84,678	1,570,665	100%
Huzhou R&F City	95,494	648,236	100%
	302,360	**4,127,197**	
Shanghai			
R&F Hongqiao No. 10	69,071	2,905,765	100%
R&F Bay Shore	23,092	267,301	100%
R&F Peach Garden	162	5,117	100%
	92,325	**3,178,183**	
Nanjing			
R&F Shangyue Court	117,229	1,868,835	100%
R&F City	9,877	324,594	100%
	127,106	**2,193,429**	
Hainan			
R&F Mangrove Bay	123,163	1,032,330	100%
R&F Bay Shore	23,441	589,884	100%
R&F Yingxi Valley	16,942	229,901	100%
R&F Moon Bay Shore	19,949	220,241	100%
	183,495	**2,072,356**	
Wuxi			
R&F No. 10	58,481	775,310	100%
R&F City	94,128	733,890	100%
R&F Peach Garden	57,125	377,712	100%
	209,734	**1,886,912**	
Huizhou			
R&F Hot Spring Valley	100,130	758,572	100%
R&F Bay Shore	91,633	930,011	100%
R&F Modern Plaza	33,547	146,472	100%
Others	1,505	8,429	100%
	226,815	**1,843,484**	
Fuzhou			
R&F Center	94,639	1,728,762	100%
	94,639	**1,728,762**	

Project	Approximate saleable area sold (sq.m.)	Amount of turnover (RMB'000)	Percentage attributable to the Group (%)
Meizhou			
R&F City	347,516	1,611,709	100%
	347,516	**1,611,709**	
Chongqing			
R&F City	160,905	751,845	100%
R&F Bay Shore	25,241	152,699	100%
Others	3,131	12,946	100%
	189,277	**917,490**	
Baotou			
R&F City	151,915	884,853	100%
	151,915	**884,853**	
Harbin			
R&F City	69,500	409,869	100%
Jiangwan New Town	23,750	395,221	100%
	93,250	**805,090**	
Shenyang			
Shenyang R&F Shangyue Court	79,166	508,543	100%
R&F Royal Villa	1,852	13,225	100%
	81,018	**521,768**	
Chengdu			
R&F Peach Garden	72,162	351,790	100%
R&F Villa	5,058	70,496	100%
Others	1,141	50,604	100%
	78,361	**472,890**	
Xian			
R&F Bailu Wan	38,514	230,094	100%
R&F City	8,434	80,973	100%
	46,948	**311,067**	
Datong			
R&F City	58,915	244,309	100%
	58,915	**244,309**	
Total	**4,209,482**	**49,489,281**	

2. Overall cost of sales and costs of land and construction per sq.m. increased 8% and 11% respectively to RMB8,250 per sq.m. and RMB7,080 per sq.m. (2015: RMB7,670 per sq.m. and RMB6,380 per sq.m.) with the change in sales mix. The range for land and construction cost per sq.m. of individual project ranged from RMB32,200 to RMB2,800. At the high end of the range were residential & commercial projects in Shanghai, Beijing and Guangzhou that typically carried higher land and construction costs. In the low end of the range were residential projects in tier 2 or 3 cities, e.g. R&F City in Meizhou. The top two projects in the year Tianjin's R&F Jimen Lake and Guangzhou's R&F Dongshan Xintiandi both carried high land and construction costs per sq.m. of total average RMB12,180 and due to its weight in the total revenue, had significant effect on overall per sq.m. land and construction costs. The four main components of cost of sales included land cost, construction costs, business tax and capitalized interest. Starting from May 2016, business tax was replaced by value added tax which was deducted directly from revenue. As a result, four main components of cost of sales will reduce to three main components in the future. In the year under review, land and construction costs accounted for 86% (2015: 83%), business tax 5% (2015: 9%) and capitalized interest 9% (2015: 8%). Capitalized interest included in the cost of sales and also as a percentage of revenue increased to RMB3.180 billion and 6.4% from 2015's RMB2.051 billion and 5.0% respectively. The cost of sales also included RMB1.778 billion (2015: RMB2.473 billion) in business tax.

3. As described above, with the cost of sales per sq.m. increased by 8% and a stable average selling price, the overall gross margin fell accordingly by 4% to 30% from 34% in the previous year. Analysing based on the gross margin by city, gross margin of the key cities including Beijing, Tianjin and Guangzhou were 36%, 42% and 30% respectively as compared to 28%, 35% and 51% in the prior year. The gross margins of the Hangzhou, Taiyuan, Shanghai, Nanjing and Hainan were 30%, 27%, 24%, 21% and 27% respectively.

4. Other income and other gains mainly arose from interest income.

5. Selling and administrative expenses as a percentage of revenue decreased to 6.9% from 7.1% in the previous year due to increase in selling and administration expenses for the year of RMB469 million or 16%, which was less than the rate of increase in revenue. Broken down into its two components, selling expenses increased by RMB422 million to RMB1.243 billion and administrative expenses increased by RMB47 million to RMB2.148 billion. The effectiveness of the Group's cost controlling efforts were reflected in these numbers which were achieved through efficient use of resources without compromising on investment in key competitive factors such as manpower and advertising.

6. The share of results of associated companies was mainly derived from the Group's 20% share in the Guangzhou Asian Games City project. The share of results of joint ventures were mainly 33.34% interests in the Guangzhou Liedecun project, 25% interests in Tianjin Jinnan New Town project, 50% interests in Hines Shanghai New Jiangwan project, 60% interests in Guizhou Da Xi Nan project and 50% interests in Guangzhou Senhua project. These six projects mentioned had a combined revenue in the year of RMB10.328 billion which was approximately RMB3.367 billion more than previous year.

7. Finance costs being interest expenses incurred in the year after deduction of amounts capitalized to development costs, increased by 10% to RMB2.367 billion (2015: RMB2.154 billion) mainly as a result of higher average debts. Total interest incurred in the year increased from RMB6.019 billion in the prior year to RMB6.626 billion with outstanding loans at the year-end of approximately RMB120.9 billion (2015: RMB82.4 billion) and an average interest rate of 6.3% (2015: 7.8%). During the year, the Group had incurred a foreign exchange losses of RMB0.61 billion and an accrued early redemption premium for senior notes of RMB0.48 billion. Aggregate interest costs included in this year's results amounted to RMB5.547 billion (2015: RMB4.256 billion) counting also capitalized interest released to cost of sales of RMB3.180 billion (2015: RMB2.102 billion).

8. Land appreciation tax (LAT) of RMB2.236 billion (2015: RMB2.533 billion) and Enterprise Income Tax of RMB2.242 billion (2015: RMB2.176 billion) brought the Group's total income tax expenses for the year to RMB4.478 billion. As a percentage of revenue, LAT decreased to

4.5% from 6.2% in 2015. This decrease was due to the fact that gross profit margins of projects in the year were more even, with few projects achieving an especially high gross margin and thus attracting LAT at a high tax rate. The effective enterprise income tax rate was 27.0% (2015: 26.1%), deviating from the standard rate by 2.0% because of permanent differences limiting the tax deductible amount.

9. Overall, the Group's profit margin for the year was 13.1%, as compared to 15.2% in the previous year reflecting the change in gross margin from property development.

CONSOLIDATED BALANCE SHEET

	Note	**2016 (RMB'000)**	2015 (RMB'000)	Changes (%)
ASSETS				
Non-current assets				
Land use rights	1	**1,933,706**	1,264,041	53%
Property, plant and equipment	2	**10,928,178**	9,009,864	21%
Investment properties	3	**22,068,681**	19,251,951	15%
Intangible assets	4	**1,079,572**	1,034,849	4%
Interests in joint ventures	5	**6,795,392**	5,954,631	14%
Interests in associates	6	**166,908**	71,052	135%
Deferred income tax assets	7	**4,253,861**	3,295,186	29%
Available-for-sale financial assets	8	**710,130**	645,140	10%
Trade and other receivables and prepayments	9	**97,420**	4,046,552	–98%
Current assets				
Properties under development	10	**81,134,542**	78,671,926	3%
Completed properties held for sale	11	**26,783,018**	22,427,988	19%
Inventories		**325,932**	414,888	–21%
Trade and other receivables and prepayments	9	**21,582,812**	13,576,168	59%
Tax prepayments		**2,582,245**	2,784,288	–7%
Restricted cash	12	**20,663,067**	6,814,094	203%
Time deposit	12	**—**	500,000	–100%
Cash and cash equivalents	12	**25,306,015**	13,970,313	81%
LIABILITIES				
Non-current liabilities				
Long-term borrowings	13	**87,170,166**	49,759,398	75%
Deferred income tax liabilities		**4,930,892**	3,935,947	25%
Current liabilities				
Accruals and other payables	14	**21,951,465**	18,727,912	17%
Deposits received on sale of properties	15	**19,546,810**	18,407,668	6%
Current income tax liabilities	16	**12,294,031**	11,005,384	12%
Short-term borrowings	13	**10,631,230**	5,661,596	88%
Current portion of long-term borrowings	13	**23,050,688**	27,017,646	–15%
TOTAL EQUITY		**46,836,197**	49,217,380	–5%
Perpetual capital instruments		**2,404,327**	7,977,869	–70%
Non-controlling interests		**653,718**	527,895	24%

Financial Review

1. This related to self-use assets and hotels. Increase represented by mainly the new additions of the land cost of self-use assets and hotels in Hainan and Harbin.

2. The increase being the additional costs in the year of which main items were the further construction costs of self-use assets and construction costs of nine hotels in Chongqing, Hainan, Huizhou, Tianjin, Harbin, and Chengdu.

3. The increase represented mainly by a newly acquired investment property in Guangzhou through acquisition of a subsidiary and the fair value gain of three existing properties in Guangzhou, Beijing and Chengdu.

4. The increase was mainly related to the acquisition of soccer team members.

5. Increase mainly being the Group's share of profits of the joint venture projects at Liede, Guangzhou, Senhua, Guangzhou, Guiyang R&F Centre, Guiyang and Yangpu, Shanghai.

6. Increase mainly represented that the Group acquired an associate, 北京盛興天和投資有限公司.

7. Increase mainly due to the increase in tax loss carry-forwards and accrued LAT cannot be deductible for income tax.

8. The change was increase in the fair value of unlisted private funds.

9. Trade receivables maintained at a controllable level of less than 10% of the contract sales for the year and there were no material overdue debts under efficient credit control. The increase was mainly due to the housing delivery on a large scale in the second half of 2016. The increase of other receivable was due to increase of deposits for acquisitions of land and subsidiaries.

10. The increase was mainly coming from three new projects in Hangzhou, Taiyuan and Wuxi and one ongoing project in Fuzhou; there were 68 projects and 12.750 million sq.m. GFA under development at 31 December 2016 as compare to 64 projects and 12.319 million sq.m. GFA in previous year.

11. The increase was mainly coming from the completion of various projects in Hangzhou, Shanghai, Beijing and Foshan. In terms of value, Guangzhou, Beijing, Hangzhou, Nanjing, Shanghai and Hainan accounted for over 55% of the total.

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

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

14. Construction payables representing approximately 47% of the total and increased by RMB1.15 billion. Interest payables increased by RMB1.12 billion due to the increase of borrowings.

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

16. The increase in income tax liabilities was due to the increase in accrued LAT.

CASH FLOW

	Note	**2016 (RMB'000)**	2015 (RMB'000)
Net cash (used in)/generated from operating activities	1	**(3,337,925)**	(355,895)
Net cash generated from/(used in) investing activities	2	**2,526,024**	(2,762,504)
Net cash generated from/(used in) financing activities	3	**12,079,681**	3,526,361
Net increase/(decrease) in cash		**11,267,780**	407,962
Exchange gains on cash		**67,922**	71,926
Cash at 1 January		**13,970,313**	13,490,425
Cash at 31 December		**25,306,015**	13,970,313

1. Contracted sales generated RMB48.1 billion in pre-sale proceeds while cash used in construction increased significantly.

2. Mainly the cash repayment from the project in Asian Games City Project, Guangzhou and Jinnan New Town project, Tianjin.

3. Mainly being net proceeds from borrowings increased significantly.

FINANCIAL RESOURCES, LIQUIDITY AND LIABILITIES

At 31 December 2016, the Group's cash amounted to RMB45.97 billion of which RMB35.42 billion was in RMB, RMB10.08 billion was in US dollar, RMB53 million was in Malaysian Ringgit, RMB123 million was in Hong Kong dollar, RMB288 million was in Australian dollar, RMB0.8 million was in Singaporean dollar and RMB2,000 was in Macau dollar and with total borrowings at RMB120.85 billion of which RMB100.16 billion was in RMB, RMB20.22 billion was in US dollar and RMB471 million was in Australian dollar. Net debt to total equity ratio was at 160%.

The total borrowings were made up of financing from sources which included 1) bank loans, 2) offshore USD senior notes, 3) domestic bonds and 4) trust loans and others each accounted for 38%, 10%, 40% and 12% respectively. The Group has secured from various relationship banks uncommitted credit facilities of which approximately RMB88.03 billion (2015: RMB34.79 billion) was unutilised. Such credit facilities indicate that the banks are prepared to lend to the Group up to the limit of the facilities when certain conditions are met such as the production of suitable projects and specified documents e.g. construction permits.

The Group has also available to it perpetual capital instruments which decreased by RMB5.6 billion in the year.

DEBT PROFILE

	Due within					
	1 year	**2 years**	**3-5 years**	**over 5 years**	**Total**	**Interest rate**
			(RMB million)			
Bank borrowings	16,994	10,893	7,888	10,293	46,068	Floating
Domestic bonds	—	—	35,578	13,120	48,698	Fixed
Senior notes	11,550	—	—	—	11,550	Fixed
Other borrowings	5,036	6,626	2,550	—	14,212	Floating
Finance lease liabilities	102	89	133	—	324	Floating
	33,682	17,608	46,149	23,413	120,852	

In January 2016, the Group issued a RMB9.6 billion domestic corporate bond with 5 year maturity at an interest rate of 3.95%. In April 2016, the Group issued a RMB1.95 billion domestic corporate bond with 6 year maturity at an interest rate of 3.48%. Also, in April 2016, the Group issued a RMB0.95 billion domestic corporate bond with 7 year maturity at an interest rate of 3.95%. In May 2016, the Group issued a RMB4.6 billion domestic non-public bond with 6 year maturity at an interest rate of 5.20%. Also, in May 2016, the Group issued a RMB10.4 billion domestic non-public bond with 4 year maturity at an interest rate of 5.15%. In June 2016, the Group issued a RMB9.3 billion domestic non-public bond with 4 year maturity at an interest rate of 5.00%. In October 2016, the Group issued a RMB5.7 billion domestic non-public bond with 6 year maturity at an interest rate of 4.39%. The maturity profile of the Group's total borrowings was well balanced between short, medium and long term debt. Debts due within 1 year accounted for 28% of total debts. Bank loans repaid in the year amounted to RMB21.1 billion while new bank loans of RMB28.2 billion were procured. The effective interest rate of the total bank loan portfolio at 31 December 2016 was 5.52% (2015: 6.52%). Exchange rate exposure was insignificant as non-RMB borrowings accounted for approximately 17.1% of total borrowings. Therefore, the Group has not entered into any foreign exchange hedging transactions. As for interest rate, RMB bank loans were at normally stable floating interest rates benchmarked to rates published by the People's Bank of China. The fixed rate offshore USD senior notes and domestic corporate and non-public bonds further reduced interest rate exposure and therefore no interest rate hedging arrangements had been put in place. Overall, the Group has not used any financial instruments for hedging purposes.

Charge on assets

As at 31 December 2016, assets with total carrying values of RMB60.48 billion were pledged to secure bank loans and other borrowings amounting to RMB54.15 billion (at 31 December 2015: RMB53.21 billion).

Contingent liabilities

The Group provided guarantees in respect of bank mortgage loans taken out by purchasers of the Group's sale properties and joint liability counter-guarantees for certain borrowings granted to the Group's joint ventures and associates for project development purpose. For guarantees provided in respect of residential properties, the guarantees are released upon the issuance of real estate ownership certificates for the properties concerned. As at 31 December 2016, such guarantees totaled RMB38.92 billion, increased by 44% from RMB26.98 billion as at 31 December 2015.

EMPLOYEE AND EMOLUMENT POLICIES

As of 31 December 2016, the Group had approximately 20,867 employees (31 December 2015: 19,264). The total staff costs incurred were approximately RMB1,538 million during the financial year ended 31 December 2016. The Company's emolument policy is to ensure that the remuneration offered to employees including executive directors and senior management is based on skill, knowledge, responsibilities and involvement in the Company's business affair. The remuneration of executive directors is also linked with business performance and profitability of the Company and the market conditions. Individual director and senior management would not be involved in deciding their own remuneration.

MATERIAL ACQUISITIONS AND DISPOSALS

There were no material acquisition or disposal of subsidiaries or associated companies in the year.

Corporate Governance Report

The Company is committed to good corporate governance practices, believing that they enhance shareholder value. The corporate governance practices adopted by the Company place a focus on maintaining a high-quality board, effective internal controls, a high level of transparency and full accountability to shareholders. Throughout the year ended 31 December 2016, the Company complied with all relevant laws and the code provisions of the Corporate Governance Code and Corporate Governance Report (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), save for the deviation on Code E.1.2. Mr. Lai Ming, Joseph, the chairman of the audit committee of the Company, was unable to attend the Company's annual general meeting held on 27 June 2016 as he had other important business engagement in other country.

THE BOARD

The board of directors (the "Board") is charged with providing overall leadership for and effective control over the Company in a way that maximizes financial performance and shareholder value. The Board formulates business policies and strategies for the Group, including dividend policy and risk management strategies. It is also responsible for implementing internal controls and monitoring their effectiveness. The day-to-day execution of the Board's policies and strategies is delegated to the Company's executive directors and a team of designated senior management. For better formulation of the Company's long-term strategic policy and the submission of A-share application in PRC, the Company authorized the formation of a specific function in the year of 2015, of which is supported by senior management. Mr. Zheng Ercheng, an independent non-executive director of the Company, and Mr. Li Sze Lim and Mr. Zhang Li, the executive directors of the Company, are the members of that function. In 2016, it discussed and reviewed the 2017 debt financing proposal.

The Board is well-diversified in terms of gender, industry experience, professional expertise and education background. As at 31 December 2016, the Board consisted of nine directors, including four executive directors: Mr. Li Sze Lim, Chairman, Mr. Zhang Li, Co-chairman and chief executive officer, Mr. Zhou Yaonan and Mr. Lu Jing; two non-executive directors: Ms. Zhang Lin and Ms. Li Helen; and three independent non-executive directors: Mr. Lai Ming, Joseph, Mr. Zheng Ercheng and Mr. Ng Yau Wah, Daniel. Biographical details of the directors and their relationships, if any, are set out on pages 61 to 62 of this annual report.

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

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

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

Chairman and Chief Executive Officer

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

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

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

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

Independent Non-executive Directors

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

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

BOARD MEETINGS

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

Directors	Meetings attended/Total
Executive Directors	
Li Sze Lim	4/4
Zhang Li	4/4
Zhou Yaonan	4/4
Lu Jing	4/4
Non-executive Directors	
Zhang Lin	4/4
Li Helen	4/4
Independent Non-executive Directors	
Lai Ming, Joseph	4/4
Zheng Ercheng	4/4
Ng Yau Wah, Daniel	4/4

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

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

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

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

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors acknowledge their responsibility for preparation of the financial statements for the financial year ended 31 December 2016 which give a true and fair view of the state of affairs of the Company and of the Group at that date and of the Group's results and cash flows for the year then ended and are properly prepared on the going concern basis in accordance with the applicable statutory requirements and accounting standards.

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

BOARD COMMITTEES

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

Audit Committee

The audit committee was established with written terms of reference in accordance with Appendix 14 to the Listing Rules. The committee is made up of three members: a non-executive director, Ms. Li Helen, and two independent non-executive directors, Mr. Lai Ming, Joseph and Mr. Zheng Ercheng. The chairman of the committee is Mr. Lai Ming, Joseph, who has professional accounting qualifications and expertise in financial management.

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

The audit committee held three meetings during the year. Following Board practice, minutes of these meetings were circulated to all members for comment, approval and record as soon as practicable after each meeting. There was no disagreement between the Board and the audit committee regarding the selection and appointment of external auditors. The audit committee has reviewed the annual results for the year ended 31 December 2015 and the interim results for the six months ended 30 June 2016 of the Company and discussed with the management and/or the Company's auditor the accounting policies and practices adopted by the Group, internal control, risk management and financial reporting matters of the year. The audit committee reported that there was no material uncertainty that cast doubt on the Company's going concern ability.

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

Committee members	Meetings attended/Total
Lai Ming, Joseph	3/3
Li Helen	3/3
Zheng Ercheng	3/3

Remuneration Committee

The remuneration committee was established with written terms of reference. The committee comprises three directors: Mr. Li Sze Lim, executive director, and two independent non-executive directors, Mr. Zheng Ercheng and Mr. Ng Yau Wah, Daniel. Mr. Zheng Ercheng is the chairman of the committee.

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

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

For the year ended 31 December 2016, the remuneration (before taxation) of the senior management by band is set out below:

Remuneration band (RMB)	Number of person
0–4,000,000	2
4,000,001–8,000,000	4
8,000,001 or above	2

Further particulars regarding the directors' emoluments as required to be disclosed pursuant to Appendix 16 of the Listing Rules are set out in note 43 to the financial statements.

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

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

Nomination Committee

The nomination committee has been established with written terms of reference. The committee comprised three directors: Mr. Li Sze Lim, executive director, and two independent non-executive directors, Mr. Lai Ming, Joseph and Mr. Zheng Ercheng. Mr. Li Sze Lim is the chairman of the committee.

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

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

Committee members	Meetings attended/Total
Li Sze Lim	1/1
Lai Ming, Joseph	1/1
Zheng Ercheng	1/1

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

CORPORATE GOVERNANCE FUNCTIONS

In the year, the Board had:

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

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

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

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

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

DIRECTORS' TRAINING

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

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

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

Name of Directors	Type of Continuous Professional Development: Training on corporate governance, regulatory development and other relevant topics	Type of Continuous Professional Development: Attending corporate events or visits
Executive Directors		
Li Sze Lim	√	√
Zhang Li	√	√
Zhou Yaonan	√	√
Lu Jing	√	√
Non-executive Directors		
Zhang Lin	√	√
Li Helen	√	√
Independent Non-executive Directors		
Lai Ming, Joseph	√	√
Zheng Ercheng	√	√
Ng Yau Wah, Daniel	√	√

SUPERVISORY COMMITTEE

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

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

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

RE-ELECTION OF DIRECTOR AND SUPERVISOR

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

The term of office of (i) Ms. Li Helen, the non-executive director of the Company; (ii) Mr. Lai Ming, Joseph and Mr. Zheng Ercheng, the independent non-executive directors of the Company; and (iii) Mr. Zhao Xianglin, the supervisor of the Company, will expire on 30 May 2017, all of them except for Mr. Lai Ming, Joseph, being eligible, have offered themselves for re-election at the forthcoming 2016 annual general meeting ("AGM").

The Company was informed by Mr. Lai Ming, Joseph that he will not offer himself for re-election at the 2016 AGM due to retirement and will retire as an independent non-executive director with effect from the conclusion of the 2016 AGM.

SECURITIES TRANSACTIONS OF DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") laid out in Appendix 10 to the Listing Rules as the code of conduct for directors and supervisors in any dealings in the Company's securities. The Company has made specific enquiries of each director and supervisor, each of whom has confirmed their compliance with the Model Code during the financial year ended 31 December 2016.

AUDITOR'S REMUNERATION

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

The audit committee has recommended to the Board, and the Board has accordingly agreed, to propose the reappointment of PricewaterhouseCoopers as the external auditor of the Group until the date of the next AGM, pending approval by shareholders at the forthcoming 2016 AGM. During the year, the total remuneration paid in respect of audit services and non-audit services was RMB6.57 million and RMB0.95 million respectively. Audit services include the review of financial information. Non-audit services mainly consisted of advisory, review and other reporting services.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

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

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

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

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

The Board also takes an active role in overseeing the Group's informatization process which includes the continuous improvement of various systems such as enterprise resources planning ("ERP"), office automation ("OA/Portal"), business process management ("BPM"), business intelligence ("BI") and customer relationship management ("CRM"). Based on a strong foundation of highly effective control over key corporate resources such as capital and land, the Group currently focuses on further enhancing the operational control of other important resources (e.g. materials, manpower, customers and suppliers) and the further development of business process flow management and control platform for the control of project progress, costs, sales and finance. Through these efforts, management will be provided with timely, accurate, comprehensive and valuable data for decision making and enhancing the overall control environment of the Group.

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

The Board has conducted an annual review of the effectiveness of the internal control and risk management systems of the Group for the year ended 31 December 2016 and believes that the existing internal control and risk management systems are effective and adequate; and the resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions are adequate.

COMPANY SECRETARY

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

SHAREHOLDERS' RIGHTS

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

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

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

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

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

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

INVESTOR AND SHAREHOLDER RELATIONS

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

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

GENERAL MEETINGS

In 2016, the Company held four general meetings, including the 2015 AGM, the first, second and third extraordinary general meetings for 2016.

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

Name of Directors	AGM	The First Extraordinary General Meeting	The Second Extraordinary General Meeting	The Third Extraordinary General Meeting
Executive Directors				
Li Sze Lim	√	√	√	√
Zhang Li	√	√	√	√
Zhou Yaonan	√	√	√	√
Lu Jing	√	√	√	√
Non-executive Directors				
Zhang Lin	√	√	√	√
Li Helen	√	√	√	√
Independent Non-executive Directors				
Lai Ming, Joseph	—	√	√	—
Zheng Ercheng	√	√	√	√
Ng Yau Wah, Daniel	—	√	√	√

PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

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

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

CONSTITUTIONAL DOCUMENTS

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

Report of the Directors

The directors are pleased to submit their report, together with the audited financial statements of the Group, for the year ended 31 December 2016. The audited financial statements were approved by the directors on 10 March 2017.

PRINCIPAL ACTIVITIES

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

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

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

RESULTS

The profit of the Group for the year ended 31 December 2016 and the state of affairs of the Company and of the Group as at that date are set out in the financial statements on pages 68 to 168 of this annual report.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five years is set out on page 170 of this annual report. The summary of results is for comparative purposes only, and does not form an integral part of the audited financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

Details of the management discussion and analysis during the year are set out on pages 16 to 42 of this report and the paragraphs below.

Policy Risk

The property industry is an important pillar of overall national economic development and the industry as a whole is more susceptible to the impact of macro-economic and industrial policies. In the second half of 2016, the local government of China successively implemented a series of macro-control policies for the property industry, including policies on financial, land and industry management aspects. Many cities in China are affected under the macro-control policies. The austerity measures such as the home purchase restriction and restriction on mortgages suppress the investment and speculation in the first and second tier property markets.

Nevertheless, the property industry is always subject to cyclical fluctuations, while uncertainties will remain in the direction of future policies. If the Company is unable to proactively adapt itself to changes in regulatory policies, and improve its risk control, business management standards on an ongoing basis and formulate reasonable business strategies, the operations and results of the Company might be adversely affected.

Business Risk

Property project development comprises multiple phases which include site selection, land acquisition, planning, design, construction, sales and after-sales service. Project development typically requires long turnover periods, significant financial investments and interaction with numerous parties. It is also subject to approval and supervision by a number of government authorities, such as authorities for the administration of land and resources, housing and urban-rural development, fire prevention and environmental protection, and will also be affected by factors such as market conditions.

In recent years, the government has announced policies containing more stringent approval requirements for land transactions, housing layout planning, and application for construction permits and sales permits, etc. This may result in longer turnover periods for the Company's property development and sales, and increase our development costs and development risks.

As a property development company, if we are unable to obtain land required for our project development in a timely manner, our production operations will be forced into suspension. At present, the transfer of land sites for development and construction in China is conducted through the "tender, auction and listing" system of transfer in the public market. Property development companies face intense competition in land acquisition. If the Company is unable to acquire land sites required for project development in a timely manner and maintain a dynamic land bank required for ongoing development, the Company's development will be restrained and the continuous growth in the Company's revenue and operating results will be affected as a result.

In 2016, the Company continues to actively develop valuable land and has entered the six markets in Shenzhen, Ningbo, Yantai, Nanchang, Qinhuangdao and Huhhot, increasing the land bank resources.

Market Risk

The property sector of China has experienced rapid development for nearly 20 years.

As the growth rate of the industry becomes stabilised, the industry will face the risk of declining long-term potential demands. If the Company is unable to maintain or further enhance its market competitiveness under this context and distinguish itself from its competition to secure larger market shares, the ongoing development of its property development and sales business will face challenges.

Therefore, the Company implements a steady business development strategy. While consolidating and developing the Mainland markets, it actively explores the markets in Malaysia and Australia.

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

Financial Risk

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

On 13 January 2017, a subsidiary of the Company has issued US$265,000,000 5.75% senior notes due 2022 (with an upsize option) in order to finance the overseas projects under China's "One Belt One Road" strategy and for general corporate purposes. The aforesaid upsize option has been exercised and additional notes with an aggregate principal amount of US$460,000,000 has been issued on 20 January 2017.

If significant volatility occurs in the sales market or financial market and the funding sources of the Company are not sufficiently covered, the Company's ability to repay debts when due will be directly affected.

As a PRC property development and investment company listed on the Main Board of the Stock Exchange, the Company shall comply with the relevant rules and regulations of both of the PRC and Hong Kong.

For maintaining the property development and investment business in Mainland China, the Company shall comply with national policy set out by the PRC Government as mentioned in the "Policy Risk" above.

On the corporate level, the Group complies with the requirements under the Companies Ordinance in Hong Kong and PRC, the Listing Rules and the SFO for, among other things, the disclosure of information and corporate governance, and the Group has adopted the Model Code.

INTERIM DIVIDEND

The Board declared an interim dividend for the six months ended 30 June 2016 of RMB0.30 per share, or a Hong Kong dollar equivalent of HK$0.350559 per share.

FINAL DIVIDEND

The Board has proposed a final dividend for 2016 at RMB0.70 per share. The proposed final dividend, if approved by the shareholders at the AGM on 19 May 2017, will be paid to shareholders (including domestic shares and H shares), whose names appear on the register of members on Thursday, 1 June 2017. The proposed final dividend has not been reflected in the financial statements as at 31 December 2016. Dividends on H shares are also subject to PRC withholding tax.

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

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

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

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

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

PROFIT DISTRIBUTION TO INVESTORS OF SOUTHBOUND TRADING

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

CLOSURE OF REGISTER OF MEMBERS FOR THE ENTITLEMENT OF DIVIDEND

Upon obtaining approval of the shareholders at the forthcoming AGM, the final dividends will be payable to shareholders whose names appear on the register of members of the Company as at the close of business on Thursday, 1 June 2017. The payment date of the final dividend will be further announced. The H share register of members of the Company will be closed from Thursday, 25 May 2017 to Thursday, 1 June 2017, both days inclusive, during which period no transfer of H shares will be registered. In order for H shareholders to qualify for the proposed final dividends, all the share transfer documents must be lodged with the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Wednesday, 24 May 2017.

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

The 2016 AGM of the Company will be held on Friday, 19 May 2017 and the notice of AGM will be published and dispatched in the manner as required by the Listing Rules.

For the purpose of determining shareholders who are entitled to attend and vote at the AGM to be held on Friday, 19 May 2017, the register of members of the Company will be closed from Tuesday, 4 April 2017 to Friday, 19 May 2017, both days inclusive. In order for the shareholders to qualify for attending and voting at the AGM, all the share transfer documents should be lodged for registration with the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Monday, 3 April 2017.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

MAJOR SUPPLIERS AND CUSTOMERS

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

DONATIONS

During the year, the total amount of charitable donations made by the Group was approximately RMB12.12 million (2015: RMB2.44 million).

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

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

PROPERTIES UNDER DEVELOPMENT

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

COMPLETED PROPERTIES HELD FOR SALE

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

BANK BORROWINGS

Particulars of the bank borrowings of the Group as at 31 December 2016 are set out in note 26 to the financial statements.

PERMITTED INDEMNITY PROVISIONS

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

MANAGEMENT CONTRACTS

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

CAPITALIZED BORROWING COSTS

Borrowing costs capitalized by the Group during the year amounted to approximately RMB5,350 million (2015: approximately RMB5,076 million).

MAJOR PROPERTIES

Major properties of the Group as at 31 December 2016 are set out on pages 171 to 178 of this annual report.

SHARE PREMIUM AND RESERVES

Movements in the share premium and reserves of the Company during the year up to 31 December 2016 are set out in note 22 to the financial statements.

DISTRIBUTABLE RESERVES

In accordance with the Articles of Association, distribution of dividends should be made out of distributable reserves, this being the lower amount either as determined under China Accounting Standard for Business Enterprises ("CAS") or as determined under the Hong Kong Financial Reporting Standards ("HKFRS"). As at 31 December 2016, the Company's distributable reserves were approximately RMB4,931 million, being the smaller of the distributable reserves as determined under CAS and HKFRS.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year up to 31 December 2016 are set out in the statement of changes in equity on pages 72 to 73 of this annual report.

DIRECTORS AND SUPERVISORS

The directors of the Company during the year were:

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

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

Independent Non-executive Directors
Mr. Lai Ming, Joseph
Mr. Zheng Ercheng
Mr. Ng Yau Wah, Daniel

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

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

The term of office of (i) Ms. Li Helen, the non-executive director of the Company; (ii) Mr. Lai Ming, Joseph and Mr. Zheng Ercheng, the independent non-executive directors of the Company; and (iii) Mr. Zhao Xianglin, the supervisor of the Company, will expire on 30 May 2017, all of them except for Mr. Lai Ming, Joseph, being eligible, have offered themselves for re-election at the forthcoming 2016 AGM.

The Company was informed by Mr. Lai Ming, Joseph that he will not offer himself for re-election at the 2016 AGM due to retirement and will retire as an independent non-executive director with effect from the conclusion of the 2016 AGM.

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

Biographical details of the directors and supervisors of the Company and the senior management of the Group are set out on pages 61 to 64 of the annual report.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B of the Listing Rules, there are changes in the information required to be disclosed pursuant to paragraph (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules during the course of the directors' term of office. The changes of information on directors are as follows:

(1) The monthly director's fee and year-end bonus of Mr. Li Sze Lim, the Chairman of the Company, was increased by HK$100,000 and HK$800,000 respectively with effect from 1 September 2016.

(2) The monthly director's fee and year-end bonus of Mr. Zhang Li, the Co-chairman and chief executive officer of the Company, was increased by HK$100,000 and HK$800,000 respectively with effect from 1 September 2016.

(3) Mr. Li Sze Lim was appointed as the president of Guangzhou Real Estate Association and Guangzhou Real Estate Institute with effect from 14 December 2016.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

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

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

No transaction, arrangement or contract of significance to which the Company or any of its subsidiaries or joint ventures was a party, and in which a director or a supervisor of the Company was materially interested, whether directly or indirectly, subsisted at any time during the year or as at 31 December 2016.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

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

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

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

As at 31 December 2016, the beneficial interests and short positions of the directors, chief executive and supervisors of the Company in the shares, underlying shares or debentures of the Company or any of the associated corporations (within the meaning of Part XV of the SFO), which are required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (ii) entered into the register required to be kept by the Company under section 352 of Part XV of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(a) Long positions in the shares, underlying shares and debentures of the Company as at 31 December 2016 were as follows:

		Number of Shares			
Director/Supervisor	**Class of Shares**	**Personal**	**Spouse or child under 18**	**Total number of shares held at the end of the period**	**Approximate percentage of interests in the total share capital** Note
Li Sze Lim	Domestic share	1,045,092,672			
	H share	30,000,000	5,000,000	1,080,092,672	33.52%
Zhang Li	Domestic share	1,005,092,672	20,000,000		
	H share	6,632,800		1,031,725,472	32.02%
Zhou Yaonan	Domestic share	22,922,624		22,922,624	0.71%
Lu Jing	Domestic share	35,078,352		35,078,352	1.09%
Li Helen	H share	1,003,600		1,003,600	0.03%
Zheng Ercheng	H share	260,280		260,280	0.01%
Ng Yau Wah, Daniel	H share	588,000		588,000	0.02%
Chen Liangnuan	Domestic share	20,000,000		20,000,000	0.62%

Note:

The Company's total number of issued shares as at 31 December 2016 was 3,222,367,344 of which 2,207,108,944 shares are domestic shares held by domestic shareholders, accounting for 68.49% of the total share capital of the Company and 1,015,258,400 shares were held by the holders of H shares, accounting for 31.51% of the total share capital of the Company.

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

Director	Name of associated corporation	Type	No. of shares	Percentage of total issued capital
Li Sze Lim	Guangzhou Tianfu Property Development Co., Ltd. ("Tianfu") (Note 1)	Corporate	N/A	7.5%
	Fushengli (Note 2)	Corporate	N/A	34.64%
Zhang Li	Tianfu (Note 1)	Corporate	N/A	7.5%
	Fushengli (Note 2)	Corporate	N/A	34.64%

Notes:

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

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

Save as disclosed above, as at 31 December 2016, none of the directors, chief executive or supervisors of the Company or their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 31 December 2016, so far as the directors are aware, only the following persons (other than the directors, chief executive and supervisors of the Company) held 5% or more beneficial interests or short positions in the shares and underlying shares of the Company which would be required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, as recorded in the register as required to be kept under section 336 of the SFO.

Name of shareholder	Type of share	Number of shares (Note 1)	Approximate percentage of interests in H shares (Note 2)
BlackRock, Inc.	H share	62,134,328(L)	6.12%
		35,200(S)	0.003%
Commonwealth Bank of Australia	H share	53,233,212(L)	5.24%
		5,067,768(S)	0.49%
Deutsche Bank Aktiengesellschaft	H share	51,578,960(L)	5.08%
		39,678,342(S)	3.91%
Lehman Brothers Holdings Inc.	H share	51,049,240(L)	5.03%
		67,663,183(S)	6.66%

Notes:

1. The letters "L", "S" and "P" respectively denote a long position, short position and lending pool in the shares.

2. 1,015,258,400 shares were held by the holders of H shares, accounting for 31.51% of the total share capital of the Company.

Save as disclosed above, as at 31 December 2016, no other persons' (other than the directors', chief executive's and supervisors') interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

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

PRE-EMPTIVE RIGHTS

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

FINANCIAL ASSISTANCE AND GUARANTEE TO AFFILIATED COMPANIES

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

CONNECTED TRANSACTIONS

During the year ended 31 December 2016, the Group entered into transactions with related parties as disclosed in note 40 "Significant related-party transactions" to the consolidated financial statements. These related-party transactions included the following transactions which constituted connected transactions under the Listing Rules but exempted from the reporting, announcement and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules:

1. Lease of property and provision of property management services to Guangzhou Golden Shell Investment Co., Ltd. (廣州金貝殼投資有限公司);

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

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

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

EVENTS AFTER THE REPORTING PERIOD

Details of the events after the reporting period are set out in note 41 to the financial statements.

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITOR

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

By order of the Board
Li Sze Lim
Chairman

Guangzhou, China
10 March 2017

Report of the Supervisory Committee

Dear Shareholders,

During 2016, the Supervisory Committee (the "Committee") carried out its supervisory duties conscientiously and diligently to protect the interests of shareholders, in accordance with PRC Company Law and the Company's Articles of Association.

The Committee consists of three members: Mr. Chen Liangnuan, who was elected amongst the Company's employees; and Ms. Liang Yingmei and Mr. Zhao Xianglin, both independent supervisors representing shareholders' interests. A member of the Committee attended the meeting of the Board at which the Company's final 2016 results were approved, and will also attend the upcoming 2016 AGM.

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

The Committee has reviewed the financial statements for the year ended 31 December 2016, which were prepared in accordance with Hong Kong Financial Reporting Standards and audited by the Company's auditor, PricewaterhouseCoopers. The Committee has also reviewed the report of the directors and the profit appropriation proposal to be presented by the Board at the forthcoming 2016 AGM. The Committee considers that the financial statements reflect a true and fair view of the Company's financial position and the results of its operations, and that they comply with all regulations applicable to the Company.

The Committee is satisfied with the business performance and achievement of the Company in 2016, and has great confidence in its future.

By order of the Supervisory Committee
Chen Liangnuan
Convenor

Guangzhou, China
10 March 2017

Directors, Supervisors and Senior Management

EXECUTIVE DIRECTORS

Li Sze Lim (李思廉), JP, aged 60, is the Chairman of the Company

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

Zhang Li (張力) aged 64, is the Co-chairman and Chief Executive Officer of the Company

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

Zhou Yaonan (周耀南) aged 63, is an Executive Director of the Company and Deputy Vice President

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

Lu Jing (呂勁) aged 57, is an Executive Director of the Company

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

Directors, Supervisors and Senior Management

NON-EXECUTIVE DIRECTORS

Zhang Lin (張琳) aged 68

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

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

Li Helen (李海倫) aged 66

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Lai Ming, Joseph (黎明) aged 72

Mr. Lai is an independent non-executive director, the chairman of audit committee and a member of nomination committee of the Company. Mr. Lai is a fellow member of the Hong Kong Institute of Certified Public Accountants ("HKICPA"), C.P.A. (Australia), the Chartered Institute of Management Accountants ("CIMA") and the HK Institute of Directors. He co-founded the Hong Kong Centre of CIMA and was its president from 1974 to 1975 and from 1979 to 1980. He was the president of the HKICPA in 1986. Mr. Lai became an independent non-executive director of the Company in 2005 and has been chairman of the audit committee since then.

Until his retirement in 2004, Mr. Lai served several Hong Kong listed companies in key management positions with particular emphasis on corporate finance and organization and management information. He is an independent non-executive director of Jolimark Holdings Limited (Stock code: 2028) and Country Garden Holdings Company Limited (Stock code: 2007), both of which are companies listed on the Hong Kong Stock Exchange. He is also an independent non-executive director of Nan Fung Group Holdings Limited.

Zheng Ercheng (鄭爾城) aged 59

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

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

Ng Yau Wah, Daniel (吳又華) aged 61

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

SUPERVISORS

Chen Liangnuan (陳量暖) aged 67

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

Liang Yingmei (梁英梅) aged 76

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

Zhao Xianglin (趙祥林) aged 75

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

SENIOR MANAGEMENT

Zhu Ling (朱玲) aged 50, is the Chief Financial Officer of the Company

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

Wang Heng (王珩) aged 47, is a vice president of the Company

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

Zhang Hui (張輝) aged 42, is a vice president of the Company

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

Liu Zhen (劉臻) aged 51, is a vice president of the Company and general manager of Southern China region

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

Zhao Feng (趙渢) aged 47, is a vice president of the Company and chairman of Hainan R&F Properties Development Co., Ltd. (海南富力房地產開發有限公司)

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

Zhang Yanqi (張彥琦) aged 38, is a vice president of the Company

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

Xiang Lijun (相立軍) aged 44, is a vice president of the Company

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

Yang Ye (楊曄) aged 36, is a vice president of the Company, general manager of Eastern China region and chairman of Shanghai R&F Properties Development Co., Ltd.

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

Hu Jie (胡杰) aged 41, is secretary of the Board of the Company

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

Independent Auditor's Report

羅兵咸永道

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

OPINION

What we have audited

The consolidated financial statements of Guangzhou R&F Properties Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 68 to 168, which comprise:

- the consolidated balance sheet as at 31 December 2016;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

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

Independence

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

KEY AUDIT MATTERS

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

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Valuation of investment properties is identified as a key audit matter in our audit, and is summarized as follows:

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuations of investment properties Refer to note 2.8 "Summary of significant accounting policies — Investment properties" and note 9 "Investment properties" to the consolidated financial statements. Management estimated the fair value of the Group's investment properties to be RMB22,068,681,000 as at 31 December 2016, with a revaluation gain of RMB1,740,812,000 for the year. Independent external valuations were obtained for all of the investment properties in order to support management's estimates. Fair values of completed investment properties are derived using the term and reversionary method or the direct comparison method, where applicable. We focused on this area as the valuations included certain key assumptions that involved significant management estimates, including term and reversionary yields, market rents and market prices.	Our audit procedures in relation to management's valuations of investment properties included the following: • Evaluated the independent external valuers' competence, capabilities and objectivity; • Checked the underlying data of area, tenancy term and occupancy against the supporting evidence and checked the mathematical accuracy of the valuations; • Assessed the methodologies and the key assumptions used, including term and reversionary yields, market rents and market prices with the assistance from our in-house valuation experts. We compared the term yields, reversionary yields, market rents and market prices used in the valuations to our independently developed benchmarks, which were set based on our recent experience in locations and segments similar to the investment properties valued and our market research results; • Checked the assumptions in respect of prevailing market rents and market prices to recent renewals and term and reversionary yields; • Performed sensitivity analysis over the key assumptions. We found the key assumptions used in the valuation of investment properties, including term and reversionary yields, market rents and market prices, were supported by the available evidence.

OTHER INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 10 March 2017

Consolidated balance sheet

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	As at 31 December 2016	2015
ASSETS			
Non-current assets			
Land use rights	7	**1,933,706**	1,264,041
Property, plant and equipment	8	**10,928,178**	9,009,864
Investment properties	9	**22,068,681**	19,251,951
Intangible assets	10	**1,079,572**	1,034,849
Interests in joint ventures	12	**6,795,392**	5,954,631
Interests in associates	13	**166,908**	71,052
Deferred income tax assets	27	**4,253,861**	3,295,186
Available-for-sale financial assets	14	**710,130**	645,140
Trade and other receivables and prepayments	18	**97,420**	4,046,552
		48,033,848	44,573,266
Current assets			
Properties under development	16	**81,134,542**	78,671,926
Completed properties held for sale	17	**26,783,018**	22,427,988
Inventories		**325,932**	414,888
Trade and other receivables and prepayments	18	**21,582,812**	13,576,168
Tax prepayments		**2,582,245**	2,784,288
Restricted cash	19	**20,663,067**	6,814,094
Time deposits		**—**	500,000
Cash and cash equivalents	20	**25,306,015**	13,970,313
		178,377,631	139,159,665
Total assets		**226,411,479**	183,732,931
EQUITY			
Equity attributable to owners of the Company			
Share capital	21	**805,592**	805,592
Other reserves	22	**4,679,469**	4,590,948
Shares held for Share Award Scheme	23	**—**	(88,947)
Retained earnings		**38,293,091**	35,404,023
		43,778,152	40,711,616
Perpetual capital instruments	24	**2,404,327**	7,977,869
Non-controlling interests		**653,718**	527,895
Total equity		**46,836,197**	49,217,380

	Note	As at 31 December 2016	2015
LIABILITIES			
Non-current liabilities			
Long-term borrowings	26	**87,170,166**	49,759,398
Deferred income tax liabilities	27	**4,930,892**	3,935,947
		92,101,058	53,695,345
Current liabilities			
Accruals and other payables	25	**21,951,465**	18,727,912
Deposits received on sale of properties		**19,546,810**	18,407,668
Current income tax liabilities	28	**12,294,031**	11,005,384
Short-term borrowings	26	**10,631,230**	5,661,596
Current portion of long-term borrowings	26	**23,050,688**	27,017,646
		87,474,224	80,820,206
Total liabilities		**179,575,282**	134,515,551
Total equity and liabilities		**226,411,479**	183,732,931

The notes on pages 75 to 168 are an integral part of these consolidated financial statements.

The financial statements on pages 68 to 168 were approved by the Board of Directors on 10 March 2017 and were signed on its behalf.

Li Sze Lim
Director

Zhang Li
Director

Consolidated income statement

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	Year ended 31 December 2016	2015
Revenue	5	**53,730,339**	44,290,924
Cost of sales	31	**(38,543,599)**	(30,083,853)
Gross profit		**15,186,740**	14,207,071
Other income	29	**328,987**	281,088
Other gains — net	30	**1,928,219**	1,237,004
Selling and marketing costs	31	**(1,315,362)**	(896,657)
Administrative expenses	31	**(2,672,863)**	(2,409,572)
Operating profit		**13,455,721**	12,418,934
Finance costs	33	**(2,367,045)**	(2,153,995)
Share of results of joint ventures		**844,493**	1,343,455
Share of results of associates		**(64,329)**	(18,893)
Profit before income tax		**11,868,840**	11,589,501
Income tax expenses	34	**(4,812,823)**	(4,877,229)
Profit for the year		**7,056,017**	6,712,272
Profit attributable to:			
— Owners of the Company		**6,755,908**	5,615,795
— Holders of perpetual capital instruments		**273,943**	1,105,249
— Non-controlling interests		**26,166**	(8,772)
		7,056,017	6,712,272
Basic and diluted earnings per share for profit attributable to owners of the Company (expressed in RMB Yuan per share)	35	**2.0997**	1.7524

The notes on pages 75 to 168 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	Year ended 31 December 2016	2015
Profit for the year		**7,056,017**	6,712,272
Other comprehensive income			
Items that may be reclassified to profit or loss			
— Fair value gains on available-for-sale financial assets, net of tax	22	**48,743**	17,498
— Currency translation differences	22	**(4,792)**	24,173
Other comprehensive income for the year, net of tax		**43,951**	41,671
Total comprehensive income for the year		**7,099,968**	6,753,943
Total comprehensive income attributable to:			
— Owners of the Company		**6,799,859**	5,657,262
— Holders of perpetual capital instruments	24	**273,943**	1,105,249
— Non-controlling interests		**26,166**	(8,568)
		7,099,968	6,753,943

The notes on pages 75 to 168 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

(All amounts in RMB Yuan thousands unless otherwise stated)

	Attributable to owners of the Company							
	Share capital	Shares held for Share Award Scheme	Other reserves	Retained earnings	Total	Perpetual capital instruments	Non-Controlling interests	Total equity
Balance at 1 January 2015	805,592	(128,711)	4,538,822	30,749,658	35,965,361	15,648,416	531,785	52,145,562
Comprehensive income								
Profit for the year	—	—	—	5,615,795	5,615,795	1,105,249	(8,772)	6,712,272
Other comprehensive income								
Fair value gains on available-for-sale financial assets, net of tax	—	—	17,498	—	17,498	—	—	17,498
Currency translation differences	—	—	23,969	—	23,969	—	204	24,173
Total other comprehensive income, net of tax	—	—	41,467	—	41,467	—	204	41,671
Total comprehensive income for the year	—	—	41,467	5,615,795	5,657,262	1,105,249	(8,568)	6,753,943
Transactions with owners								
Changes in ownership interests in subsidiaries without change of control	—	—	(2,203)	—	(2,203)	—	2,203	—
Acquisition of subsidiaries	—	—	—	—	—	—	2,475	2,475
Dividends for the year	—	—	—	(961,430)	(961,430)	—	—	(961,430)
Disposals of shares held for Share Award Scheme	—	39,764	12,862	—	52,626	—	—	52,626
Redemptions of perpetual capital instruments	—	—	—	—	—	(7,643,912)	—	(7,643,912)
Distributions to holders of perpetual capital instruments	—	—	—	—	—	(1,131,884)	—	(1,131,884)
Total transactions with owners	—	39,764	10,659	(961,430)	(911,007)	(8,775,796)	4,678	(9,682,125)
Balance at 31 December 2015	805,592	(88,947)	4,590,948	35,404,023	40,711,616	7,977,869	527,895	49,217,380

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

The notes on pages 75 to 168 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	Year ended 31 December 2016	2015
Cash flows from operating activities			
Cash generated from operations	37	**5,705,252**	9,572,573
Interest paid		**(5,217,113)**	(5,930,702)
Enterprise income tax and land appreciation tax paid		**(3,826,064)**	(3,997,766)
Net cash used in operating activities		**(3,337,925)**	(355,895)
Cash flows from investing activities			
Purchases of property, plant and equipment and land use rights		**(1,246,366)**	(1,302,766)
Purchases of intangible assets		**(170,930)**	(158,568)
Additions of investment properties		**—**	(136,323)
Proceeds from disposals of property, plant and equipment		**59,605**	15,568
Proceeds from disposals of investment properties		**—**	43,392
Proceeds from disposals of intangible assets		**128,000**	120,210
Investments in available-for-sale financial assets and an associate		**(177,755)**	(101,032)
Acquisition of subsidiaries, net of cash acquired		**(527,925)**	(106,009)
Prepayment made for acquisition of subsidiaries		**(97,420)**	(434,000)
Cash repayments from joint ventures and associates		**5,113,343**	585,660
Cash advances to joint ventures and associates		**(1,320,428)**	(892,026)
Dividends received on available-for-sale financial assets		**17,631**	4,332
Dividends received from an associate		**3,375**	6,015
Decrease/(increase) in time deposits		**500,000**	(500,000)
Decrease/(Increase) in guarantee deposits for borrowings of a related party		**50,000**	(50,000)
Interest received		**194,894**	143,043
Net cash generated from/(used in) investing activities		**2,526,024**	(2,762,504)
Cash flows from financing activities			
Proceeds from borrowings, net of transaction costs		**72,842,491**	46,050,426
Repayments of borrowings		**(38,995,331)**	(32,031,877)
Repayments of finance lease liabilities		**(221,597)**	(50,222)
Increase in guarantee deposits for borrowings		**(11,975,074)**	(757,366)
Net proceeds from issuance of perpetual capital instruments		**2,400,000**	—
Redemption of perpetual capital instruments		**(7,900,000)**	(7,643,912)
Distributions paid to holders of perpetual capital instruments		**(347,485)**	(1,131,884)
Proceeds from disposals of shares for Share Award Scheme		**133,517**	52,626
Capital contributions from non-controlling interests		**10,000**	—
Dividends paid to owners of the Company		**(3,866,840)**	(961,430)
Net cash generated from financing activities		**12,079,681**	3,526,361
Net increase in cash and cash equivalents		**11,267,780**	407,962
Exchange gains on cash and cash equivalents		**67,922**	71,926
Cash and cash equivalents at beginning of year		**13,970,313**	13,490,425
Cash and cash equivalents at end of year	20	**25,306,015**	13,970,313

The notes on pages 75 to 168 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

(All amounts in RMB Yuan thousands unless otherwise stated)

1. GENERAL INFORMATION

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") and requirements of the Hong Kong Companies ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and investment properties which are carried at fair value.

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

(All amounts in RMB Yuan thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Changes in accounting policy and disclosures

(a) *Changes in accounting policy*

Amendments to HKAS 27 "equity method in separate financial statements" (the "Amendments") are effective for the financial year beginning on 1 January 2016. The Company has adopted the Amendments retrospectively which resulted in the Company changing its accounting policy for its investments in joint ventures and associates from at cost to using the equity method as described in HKAS 28.

The table below summarizes the effect from the changes in accounting policy on the balance sheets of the Company as at 31 December 2015 and 1 January 2015.

	As at 31 December 2015 (Previously presented)	**Amount of adjustment**	**As at 31 December 2015 (Restated)**	As at 1 January 2015 (Previously presented)	Amount of adjustment	As at 1 January 2015 (Restated)
Interests in joint ventures	**1,130,899**	**1,685,088**	**2,815,987**	1,133,400	552,288	1,685,688
Interests in associates	**138,466**	**(130,852)**	**7,614**	138,466	(103,313)	35,153
Trade and other receivables and prepayments (current portion)	**14,147,205**	**(11,710)**	**14,135,495**	7,873,093	(2,347)	7,870,746
Retained earnings	**3,677,092**	**1,542,526**	**5,219,618**	3,688,938	446,628	4,135,566

(b) *New and amended standards adopted by the Group*

The following new and amended standards and annual improvements have been adopted by the Group for the first time for the financial year beginning on 1 January 2016.

Standards	**Subject**
HKFRS 14	Regulatory Deferral Accounts
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: bearer plants
Amendments to HKAS 27	Equity method in separate financial statements
Annual improvements 2014	Annual improvements 2012–2014 cycle
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: applying the consolidation exception
Amendments to HKAS 1	Disclosure initiative

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Changes in accounting policy and disclosures (Continued)

(b) New and amended standards adopted by the Group (Continued)

The impact of the adoption of the amendments to HKAS 27 to the Company has been disclosed in Note 2.1.1(a); the adoption of the remaining new and amended standards has no material impact on the Group's financial statements.

(c) New and amended standards not yet adopted

A number of new and amended standards are effective for annual periods beginning after 1 January 2016 and have not been applied in preparing the Group's consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except those set out in Note (i), (ii) and (iii).

Standards	**Subject**	**Effective for annual periods beginning on or after**
Amendments to HKAS 12	Income taxes	1 January 2017
Amendments to HKAS 7	Statement of cash flows	1 January 2017
HKFRS 15 (Note (i))	Revenue from contracts with customers	1 January 2018
HKFRS 9 (Note (ii))	Financial instruments	1 January 2018
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions	1 January 2018
HKFRS 16 (Note (iii))	Leases	1 January 2019
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

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

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Management is currently assessing the effects of applying the new standard on the Group's financial statements and has identified the following areas that are likely to be affected:

- revenue from service — the application of HKFRS 15 may result in the identification of separate performance obligations which could affect the timing of the recognition of revenue.

- accounting for certain costs incurred in fulfilling a contract — certain costs which are currently expensed may need to be recognised as an asset under HKFRS 15, and

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Changes in accounting policy and disclosures (Continued)

(c) New and amended standards not yet adopted (Continued)

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

- rights of return — HKFRS 15 requires separate presentation on the balance sheet of the right to recover the goods from the customer and the refund obligation.

At this stage, the Group is not able to estimate the impact of the new rules on the Group's financial statements. The Group will make more detailed assessments of the impact over the next twelve months.

HKFRS 15 is mandatory for financial years commencing on or after 1 January 2018. At this stage, the Group does not intend to adopt the standard before its effective date.

(ii) HKFRS 9, 'Financial instruments'

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

While the Group has yet to undertake a detailed assessment of the classification and measurement of financial assets, equity instruments currently classified as available-for-sale (AFS) financial assets for which a FVOCI election is available. The Group does not have any other financial assets. Accordingly, the Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Changes in accounting policy and disclosures (Continued)

(c) New and amended standards not yet adopted (Continued)

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

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

HKFRS 9 must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed HKFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety. The Group does not intend to adopt HKFRS 9 before its mandatory date.

(iii) HKFRS 16, 'Leases'

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

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of RMB118,193,000, see note 39. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) *Business combinations*

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRSs.

Acquisition-related costs are expensed as incurred.

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

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Subsidiaries (Continued)

2.2.1 Consolidation (Continued)

(b) *Changes in ownership interests in subsidiaries without change of control*

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions — that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) *Disposal of subsidiaries*

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. It means the amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

2.2.2 Separate financial statements

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

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

2.3 Joint arrangements

The Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Joint arrangements (Continued)

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

2.4 Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investments in associates include goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

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

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share of results of associates" in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gains or losses on dilution of equity interest in associates are recognised in the income statement.

2.5 Segment reporting

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Foreign currency translation

(a) *Functional and presentation currency*

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

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

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

(c) *Group companies*

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

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

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

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

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

2.7 Property, plant and equipment

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Property, plant and equipment (Continued)

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

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

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

Buildings comprise mainly office buildings and hotel buildings.

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

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

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

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

2.8 Investment properties

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Lands held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the income statement as part of a valuation gain or loss in "other gains — net".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Intangible assets

(a) *Goodwill*

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying amount of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) *Construction licence*

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

(c) *Customer contracts*

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

(d) *Computer software*

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

(e) *Football players*

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Impairment of non-financial assets

Intangible assets that have an indefinite useful life — for example, goodwill or construction license — are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.11 Financial assets

2.11.1 Classification

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

(a) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables", "time deposits", "cash and cash equivalents" and "restricted cash" in the balance sheet.

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

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

2.11.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement.

Dividends on available-for-sale equity instruments are recognised in the income statement as part of "other income" when the Group's right to receive payments is established.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Financial liabilities and equity instruments

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

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

2.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.14 Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Impairment of financial assets (Continued)

(b) *Assets classified as available-for-sale*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is reclassified from equity and recognised in profit or loss. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

2.15 Land use rights

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

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

2.16 Properties under development

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

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

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

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

2.17 Completed properties held for sale

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Inventories

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

2.19 Construction contracts

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

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

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

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

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

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

2.20 Trade and other receivables

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

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

2.21 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Share capital and Shares held for Share Award Scheme

Ordinary shares are classified as equity.

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

Where the Company's Employee Share Trust purchases H shares from the market, the consideration paid, including any directly attributable incremental costs is presented as Shares held for Share Award Scheme and presented as a deduction against equity attributable to the Company's equity holders.

2.23 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

2.24 Borrowings

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.25 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Borrowing costs include interest expense, finance charges in respect of finance lease and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The exchange gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity had borrowed funds in its functional currency, and the borrowing costs actually incurred on foreign currency borrowings. Such amounts are estimated based on similar borrowings.

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

2.26 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) *Current income tax*

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.26 Current and deferred income tax (Continued)

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

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

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint ventures only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.27 Employee benefits

(a) *Employee leave entitlements*

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

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

(b) *Bonus entitlements*

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

(c) *Retirement benefits*

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

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

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

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

(d) *Termination benefits*

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.28 Provisions

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

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.29 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

(a) *Sale of properties*

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

(b) *Construction services*

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

(c) *Rental income*

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

(d) *Hotel operations*

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.29 Revenue recognition (Continued)

(e) *Property management*

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

(f) *Interest income*

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

(g) *Dividend income*

Dividend income is recognised when the right to receive payment is established.

2.30 Leases

(a) *The Group is the lessee*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

(b) *The Group is the lessor*

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

2.31 Dividend distribution

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.32 Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of subsidiaries, joint ventures or associates to secure loans, overdrafts and other banking facilities.

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee is given. The fair value of a financial guarantee at the time of signature is zero because all guarantees are agreed on arm's length terms, and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for the future premiums is recognised. Subsequent to initial recognition, the Company's liabilities under such guarantees are measured at the higher of the initial amount, less amortisation of fees recognised in accordance with HKAS 18, and the best estimate of the amount required to settle the guarantee. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by management's judgement. The fee income earned is recognised on a straight-line basis over the life of the guarantee. Any increase in the liability relating to guarantees is reported in the income statement within other operating expenses.

Where guarantees in relation to loans or other payables of subsidiaries, joint ventures or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investments in the financial statements of the Company.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

(a) Market risk

(i) Foreign exchange risk

The Group principally operates in the PRC and Malaysia, and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the HK dollars ("HKD") and US dollars ("USD"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

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

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

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

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

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

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

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

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

The table below summarises the impact of changes in foreign exchange rates at 31 December 2015 with all other variables held constant on the Group's post-tax profit for the year.

	RMB against the foreign currency	
	weaken by 5%	strengthen by 5%
	increase/(decrease) in post-tax profit for the year	
Denominated in HKD		
Cash and cash equivalents	2,307	(2,307)
Accruals and other payables	(11,573)	11,573
Denominated in USD		
Cash and cash equivalents	317	(317)
Restricted cash	30,691	(30,691)
Borrowings	(498,685)	498,685

	MYR against the foreign currency	
	weaken by 5%	strengthen by 5%
	increase/(decrease) in post-tax profit for the year	
Denominated in USD		
Accruals and other payables	(140,256)	140,256
Denominated in RMB		
Accruals and other payables	(1,515)	1,515
Denominated in HKD		
Accruals and other payables	(10,915)	10,915

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Price risk

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

(iii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. During 2016 and 2015, the Group's borrowings at variable rate were denominated in RMB, USD and AUD.

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

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

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

The table below summarises the impact of changes in interest rate at 31 December 2015 with all other variables held at constant on the Group's post-tax profit for the year.

	Interest rate	
	25 basis points higher	25 basis points lower
	increase/(decrease) in post-tax profit for the year	
Long-term borrowings at variable rates	(60,812)	60,812

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk

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

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties. Management does not expect any losses from non-performance by the banks and financial institutions, as they are of good credit standing. The Group closely monitors repayment progress of customers in accordance with the terms as specified in the enforceable contracts. Meanwhile, the Group has the right to cancel the contracts once repayment from the customers is in default. As at 31 December 2016, no customer accounted for more than 5% of the Group's trade receivables (2015: Nil).

(c) Liquidity risk

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

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

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At 31 December 2016					
Borrowings (excluding finance lease liabilities (Note (1))	**39,530,372**	**21,535,523**	**49,794,689**	**27,174,137**	**138,034,721**
Finance lease liabilities	**114,391**	**97,623**	**138,538**	**—**	**350,552**
Financial liabilities as included in accruals and other payables (excluding accruals for staff costs and allowance and other taxes payable)	**18,231,502**	**—**	**—**	**—**	**18,231,502**
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	**33,406,812**	**—**	**—**	**—**	**33,406,812**
Guarantees in respect of borrowings of joint ventures and associates	**870,485**	**1,464,407**	**2,316,888**	**862,576**	**5,514,356**
At 31 December 2015					
Borrowings (excluding finance lease liabilities (Note (1))	38,298,777	21,970,877	26,263,794	9,844,855	96,378,303
Finance lease liabilities	50,222	12,557	—	—	62,779
Financial liabilities as included in accruals and other payables (excluding accruals for staff costs and allowance and other taxes payable)	16,102,823	—	—	—	16,102,823
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	23,530,047	—	—	—	23,530,047
Guarantees in respect of borrowings of joint ventures and an associate	1,888,459	1,200,230	364,356	—	3,453,045

Note:

(1) Interest on borrowings is calculated on borrowings held as at 31 December 2016 and 2015 respectively. Floating-rate interest is estimated using the current interest rate as at 31 December 2016 and 2015 respectively.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital management

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

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

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

The gearing ratios at 31 December 2016 and 2015 were as follows:

	2016	2015
Total borrowings	**120,852,084**	82,438,640
Less: cash and cash equivalents	**(25,306,015)**	(13,970,313)
restricted cash	**(20,663,067)**	(6,814,094)
time deposits	**—**	(500,000)
Net debt	**74,883,002**	61,154,233
Total equity	**46,836,197**	49,217,380
Gearing ratio	**159.9%**	124.3%

3.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2016 and 2015 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

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

	Available-for-sale financial assets	
	2016	2015
Level 3	**710,130**	645,140

(a) Financial instruments in level 3

The fair value of the Group's major available-for-sale financial assets was revalued on 31 December 2016 by an independent and professionally qualified valuer. The valuation is performed based on the market approach by reference to quoted market prices for similar instruments, maximising the use of observable market data where it is available and relying as little as possible on entity specific estimates. The available-for-sale financial assets were included in level 3 as the valuation involves the use of certain factors (unobservable inputs) to adjust the data derived from increasingly volatile markets to arrive at the estimated fair value for these unquoted equity investments. The fair value gain on the equity investments was included in "other comprehensive income".

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.9. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

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

A sensitivity analysis on key assumptions used in the calculation has been carried out. If the gross margin or growth rate had been lower than management estimates by 10% or discount rate had been higher than management estimates by 10% with other variables held constant, the Group would not have suffered any impairment of goodwill as at 31 December 2016.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(b) Estimated impairment of the construction license

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

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

A sensitivity analysis on key assumptions used in the calculation has been carried out. If the royalty rate or growth rate had been lower than management estimates by 10% or the discount rate had been higher than management estimates by 10% with other variables held constant, the Group would not have suffered any impairment of the construction license as at 31 December 2016.

(c) Income taxes

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

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

(d) Land appreciation taxes

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

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

(e) Fair value of investment properties

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

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

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

If the market price had been lower than management estimates by 5% with other variables held constant, the carrying amount of available-for-sale financial assets would have been lowered by RMB28,810,000.

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

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

As at 31 December 2016, no impairment was provided for properties under development, completed properties held for sale or long-term assets held for hotel operations (2015: Nil).

5. SEGMENT INFORMATION

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

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

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

5. SEGMENT INFORMATION (Continued)

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

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

(All amounts in RMB Yuan thousands unless otherwise stated)

5. SEGMENT INFORMATION (Continued)

The segment information provided to the Executive Directors for the reportable segments for the year ended 31 December 2015 and the segment assets and liabilities at 31 December 2015 are as follows:

	Property development	Property investment	Hotel operations	All other segments	Group
Segment revenue	40,744,245	925,827	1,226,483	1,852,650	44,749,205
Inter-segment revenue	—	(68,572)	(45,333)	(344,376)	(458,281)
Revenue from external customers	40,744,245	857,255	1,181,150	1,508,274	44,290,924
Profit/(loss) for the year	6,178,335	1,210,431	(167,446)	(509,048)	6,712,272
Finance costs	(1,639,068)	(128,414)	(221,168)	(165,345)	(2,153,995)
Share of results of joint ventures	1,343,455	—	—	—	1,343,455
Share of results of associates	(30,828)	—	—	11,935	(18,893)
Income tax (expenses)/credits	(4,709,625)	(401,518)	55,815	178,099	(4,877,229)
Depreciation and amortisation	(185,145)	—	(207,937)	(60,427)	(453,509)
(Allowance for)/reversal of allowance for impairment losses of receivables	(29,034)	—	66	(24)	(28,992)
Fair value gains on investment properties — net of tax	—	830,709	—	—	830,709
Segment assets	152,617,182	19,251,951	6,854,021	1,069,451	179,792,605
Segment assets include:					
Interests in joint ventures	5,954,631	—	—	—	5,954,631
Interests in associates	8,056	—	—	62,996	71,052
Addition to non-current assets (other than financial instruments and deferred tax assets)	603,789	154,587	916,262	145,011	1,819,649
Segment liabilities	36,287,953	—	256,897	590,730	37,135,580

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

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

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

5. SEGMENT INFORMATION (Continued)

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

	2016	2015
Segment assets for reportable segments	221,447,488	179,792,605
Deferred income tax assets	4,253,861	3,295,186
Available-for-sale financial assets	710,130	645,140
Total assets per balance sheet	226,411,479	183,732,931

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

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

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

	2016	2015
Segment liabilities for reportable segments	41,498,275	37,135,580
Deferred income tax liabilities	4,930,892	3,935,947
Current income tax liabilities	12,294,031	11,005,384
Current borrowings	33,681,918	32,679,242
Non-current borrowings	87,170,166	49,759,398
Total liabilities per balance sheet	179,575,282	134,515,551

Entity-wide information

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

	2016	2015
PRC	53,715,049	44,289,281
Other countries	15,290	1,643
Total	53,730,339	44,290,924

Revenues from the individual countries included in "other countries" are not material. There was no revenue derived from a single external customer accounting for 10% or more of the Group's revenues for the year ended 31 December 2016 (2015: Nil).

(All amounts in RMB Yuan thousands unless otherwise stated)

5. SEGMENT INFORMATION (Continued)

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

	2016	2015
PRC	**43,061,080**	37,013,494
Other countries	**8,777**	6,894
Total	**43,069,857**	37,020,388

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

6. ACQUISITION OF HUIZHOU GOLDEN SWAN HOT SPRING CO., LTD.

On 5 February 2016, the Group completed an acquisition of 100% equity interests in Huizhou Golden Swan Hot Spring Co. Ltd. ("Golden Swan") from Mr. Li Sze Lim and Mr. Zhang Li at a consideration of RMB530,000,000. The acquisition is expected to enable the Group to take advantage of the evolving market trend in Huizhou and increase the diversity of the Group's hotel portfolio.

The following table summarises the consideration paid for Golden Swan, and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date.

	5 February 2016
Purchase consideration	
— Cash paid	530,000

6. ACQUISITION OF HUIZHOU GOLDEN SWAN HOT SPRING CO., LTD. (Continued)

Recognised amounts of identifiable assets acquired and liabilities assumed

Cash	8,552
Properties under development	791,344
Inventories	2,330
Tax prepayments	1,116
Property, plant and equipment	869,932
Land use rights	40,211
Interests in an associate	78,793
Trade and other receivables and prepayments	27,860
Accruals and other payables	(343,859)
Short-term borrowings	(549,400)
Long-term borrowings	(290,000)
Net deferred tax liabilities	(106,879)
Total identifiable net assets	530,000
Cash outflow on acquisition, net of cash acquired	
Total cash consideration	530,000
Less: cash consideration paid in prior years	(434,000)
Less: withholding tax to be paid as at 31 December 2016	(96,000)
Cash consideration paid in 2016	—
Less: Cash in the subsidiary acquired	(8,552)
Cash inflow on acquisition for the year ended 31 December 2016	8,552

(a) *Acquired receivables*

The fair value of trade and other receivables was RMB27,722,000 and included trade receivables with a fair value of RMB5,958,000. The gross contractual amount for trade receivables due was RMB5,958,000, all of which was expected to be collectible.

(b) *Revenue and profit contribution*

The acquired business contributed revenue of RMB33,132,000 and a net loss of RMB59,142,000 to the Group for the period from 5 February 2016 to 31 December 2016. Had Golden Swan been consolidated from 1 January 2016, the consolidated income statement would show pro-forma revenue of RMB53,734,182,000 and profit of RMB7,049,564,000.

(All amounts in RMB Yuan thousands unless otherwise stated)

7. LAND USE RIGHTS

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

	2016	2015
At 1 January	1,264,041	1,198,045
Additions	418,529	—
Acquisitions of a subsidiary (Note 6)	40,211	—
Transfer from properties under development	270,896	101,572
Amortisation of prepaid operating lease payments	(59,971)	(35,576)
At 31 December	1,933,706	1,264,041

Land use rights are amortised in the following categories:

	2016	2015
Selling and administrative expenses	6,471	3,835
Cost of sales	28,503	19,150
Capitalised in property, plant and equipment	24,997	12,591
	59,971	35,576

Borrowings are secured on land use rights for the carrying amount of RMB697,664,000 (2015: RMB804,637,000).

8. PROPERTY, PLANT AND EQUIPMENT

	Office buildings	Hotel buildings	Furniture, fixtures and equipment	Transportation equipment		Machinery	Assets under construction	Total
				Asset acquired under finance lease	Others			
At 1 January 2015								
Cost	1,549,840	3,892,700	570,291	395,325	342,161	400,877	2,090,998	9,242,192
Accumulated depreciation	(233,925)	(582,763)	(383,115)	(67,048)	(228,854)	(250,846)	—	(1,746,551)
Net book amount	1,315,915	3,309,937	187,176	328,277	113,307	150,031	2,090,998	7,495,641
Year ended 31 December 2015								
Opening net book amount	1,315,915	3,309,937	187,176	328,277	113,307	150,031	2,090,998	7,495,641
Additions	98,488	1,022	183,349	—	30,234	37,801	1,155,600	1,506,494
Transfers from properties under development	393,617	—	—	—	—	—	—	393,617
Transfer to properties under development	—	—	—	—	—	—	(7,296)	(7,296)
Assets under construction transferred to buildings	14,652	1,658,141	—	—	—	—	(1,672,793)	—
Disposals	(5,200)	—	(960)	—	(313)	(1,969)	—	(8,442)
Depreciation	(47,976)	(135,360)	(81,363)	(25,143)	(43,375)	(36,056)	—	(369,273)
Currency translation differences	—	—	(393)	—	(484)	—	—	(877)
Closing net book amount	1,769,496	4,833,740	287,809	303,134	99,369	149,807	1,566,509	9,009,864
At 31 December 2015								
Cost	2,049,429	5,551,862	750,028	395,325	368,122	422,131	1,566,509	11,103,406
Accumulated depreciation	(279,933)	(718,122)	(462,219)	(92,191)	(268,753)	(272,324)	—	(2,093,542)
Net book amount	1,769,496	4,833,740	287,809	303,134	99,369	149,807	1,566,509	9,009,864
Year ended 31 December 2016								
Opening net book amount	**1,769,496**	**4,833,740**	**287,809**	**303,134**	**99,369**	**149,807**	**1,566,509**	**9,009,864**
Additions	**11,173**	**—**	**86,112**	**455,291**	**27,185**	**16,844**	**753,599**	**1,350,204**
Acquisitions of subsidiaries	**70,491**	**779,977**	**20,682**	**—**	**66**	**19**	**—**	**871,235**
Transfers from properties under development	**77,027**	**—**	**—**	**—**	**—**	**—**	**153,489**	**230,516**
Assets under construction transferred to buildings	**—**	**503,680**	**—**	**—**	**—**	**—**	**(503,680)**	**—**
Disposals	**(34,873)**	**—**	**(181)**	**—**	**(48)**	**(328)**	**—**	**(35,430)**
Depreciation	**(69,683)**	**(218,177)**	**(104,621)**	**(34,958)**	**(40,985)**	**(30,066)**	**—**	**(498,490)**
Currency translation differences	**—**	**—**	**94**	**—**	**175**	**—**	**10**	**279**
Closing net book amount	**1,823,631**	**5,899,220**	**289,895**	**723,467**	**85,762**	**136,276**	**1,969,927**	**10,928,178**
At 31 December 2016								
Cost	**2,177,036**	**6,972,173**	**905,665**	**850,616**	**389,638**	**432,388**	**1,969,927**	**13,697,443**
Accumulated depreciation	**(353,405)**	**(1,072,953)**	**(615,770)**	**(127,149)**	**(303,876)**	**(296,112)**	**—**	**(2,769,265)**
Net book amount	**1,823,631**	**5,899,220**	**289,895**	**723,467**	**85,762**	**136,276**	**1,969,927**	**10,928,178**

(All amounts in RMB Yuan thousands unless otherwise stated)

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation expense has been charged in the following categories:

	2016	2015
Selling and administrative expenses	**193,407**	129,056
Cost of sales	**305,083**	240,217
	498,490	369,273

Assets under construction mainly represent construction and other costs incurred for hotel buildings. For the year ended 31 December 2016, borrowing costs capitalised in assets under construction amounted to RMB62,169,000 (2015: RMB54,926,000). Borrowing costs were capitalised at the weighted average rate of 6.46% for the year ended 31 December 2016 (2015: 8.09%)

Borrowings are secured by office buildings, hotel buildings and assets under construction with a carrying amount of RMB4,154,497,000 (2015: RMB4,329,669,000).

As at 31 December 2016, the Group leases two aircrafts under non-cancellable finance lease agreements. See Note 26(e) for details of the agreements.

9. INVESTMENT PROPERTIES

	Completed investment properties	Investment properties under construction	Total
Year ended 31 December 2015			
Opening balance at 1 January	15,687,143	2,360,489	18,047,632
Additions	—	154,587	154,587
Disposals	(55,920)	—	(55,920)
Transfers	2,515,076	(2,515,076)	—
Fair value gains	1,105,652	—	1,105,652
Closing balance at 31 December	19,251,951	—	19,251,951
Total gains for the year included in profit or loss, under "other gains — net"	1,093,124	—	1,093,124
Change in unrealised gains or losses for the year included in profit or loss for assets held at end of year	1,105,652	—	1,105,652
Year ended 31 December 2016			
Opening balance at 1 January	**19,251,951**	—	**19,251,951**
Additions	**1,075,918**	—	**1,075,918**
Fair value gains	**1,740,812**	—	**1,740,812**
Closing balance at 31 December	**22,068,681**	—	**22,068,681**
Total gains for the year included in profit or loss, under "other gains — net"	**1,740,812**	—	**1,740,812**
Change in unrealised gains or losses for the year included in profit or loss for assets held at end of year	**1,740,812**	—	**1,740,812**

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

	2016	2015
Rental income	**917,914**	857,255
Direct operating expenses arising from investment properties that generate rental income	**(154,615)**	(95,000)
Direct operating expenses that did not generate rental income	**(94,347)**	(70,275)

9. INVESTMENT PROPERTIES (Continued)

(b) Fair value hierarchy

An independent valuation of the Group's investment properties was performed by independent and professionally qualified valuers to determine the fair value of the investment properties as at 31 December 2016 and 2015. The revaluation gains or losses are included in "other gains — net" in the income statement.

As at 31 December 2016 and 2015, all of the Group's investment properties were within level 3 of the fair value hierarchy as the valuations were arrived at by reference to certain significant unobservable inputs. There were no transfers between levels 1, 2 and 3 during the year.

(c) Valuation processes of the Group

The Group's investment properties were valued at 31 December 2016 and 2015 by independent and professionally qualified valuers not related to the Group who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

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

At each financial year end the finance department:

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

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

(d) Valuation techniques

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

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

9. INVESTMENT PROPERTIES (Continued)

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

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

(All amounts in RMB Yuan thousands unless otherwise stated)

9. INVESTMENT PROPERTIES (Continued)

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

Description		Fair value at 31 December 2015	Valuation techniques	Unobservable inputs	Range of unobservable inputs (probability)	Relationship of unobservable inputs to fair value
Completed investment properties	Office	5,831,086	Term and reversionary method	Term yields	7.00%-7.25%	The higher the term yields, the lower the fair value
				Reversionary yields	7.00%-7.25%	The higher the reversion yields, the lower the fair value
				Market rents (RMB/square metre/month)	326–389	The higher the market rents, the higher the fair value
				Market price (RMB/square metre)	39,400–59,000	The higher the market price, the higher the fair value
	Retail	12,799,546	Term and reversionary method	Term yields	5.75%-7.25%	The higher the term yields, the lower the fair value
				Reversionary yields	5.75%-7.25%	The higher the reversion yields, the lower the fair value
				Market rents (RMB/square metre/month)	60–319	The higher the market rents, the higher the fair value
	Carpark	621,319	Direct comparison method	Market price (RMB/square metre)	4,226–10,012	The higher the market price, the higher the fair value

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

(f) Investment properties pledged as security

Borrowings are secured on investment properties for the value of RMB14,094,260,000 (2015: RMB11,686,175,000).

10. INTANGIBLE ASSETS

	Goodwill	Construction licence	Customer contracts	Software and others	Total
At 1 January 2015					
Cost	506,733	282,000	322,000	325,961	1,436,694
Accumulated amortisation and impairment	(2,983)	—	(322,000)	(133,753)	(458,736)
Net book amount	503,750	282,000	—	192,208	977,958
Year ended 31 December 2015					
Opening net book amount	503,750	282,000	—	192,208	977,958
Additions	—	—	—	158,568	158,568
Amortisation charge	—	—	—	(61,251)	(61,251)
Disposals	—	—	—	(40,426)	(40,426)
Closing net book amount	503,750	282,000	—	249,099	1,034,849
At 31 December 2015					
Cost	506,733	282,000	322,000	414,366	1,525,099
Accumulated amortisation and impairment	(2,983)	—	(322,000)	(165,267)	(490,250)
Net book amount	503,750	282,000	—	249,099	1,034,849
Year ended 31 December 2016					
Opening net book amount	**503,750**	**282,000**	**—**	**249,099**	**1,034,849**
Additions	**—**	**—**	**—**	**170,930**	**170,930**
Acquisitions of a subsidiary	**—**	**—**	**—**	**180**	**180**
Amortisation charge	**—**	**—**	**—**	**(88,494)**	**(88,494)**
Disposals	**—**	**—**	**—**	**(37,893)**	**(37,893)**
Closing net book amount	**503,750**	**282,000**	**—**	**293,822**	**1,079,572**
At 31 December 2016					
Cost	**506,733**	**282,000**	**322,000**	**538,184**	**1,648,917**
Accumulated amortisation and impairment	**(2,983)**	**—**	**(322,000)**	**(244,362)**	**(569,345)**
Net book amount	**503,750**	**282,000**	**—**	**293,822**	**1,079,572**

(All amounts in RMB Yuan thousands unless otherwise stated)

10. INTANGIBLE ASSETS (Continued)

Intangible assets are amortised in the following categories:

	2016	2015
Selling and administrative expenses	**13,944**	9,339
Cost of sales	**74,550**	51,912
	88,494	61,251

(a) Goodwill

Impairment test for goodwill

Goodwill is mainly allocated to the Group's cash-generating units (CGUs) identified as the construction services unit within the property development segment. The recoverable amount of the CGU as at 31 December 2016 was determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

Key assumptions used for value-in-use calculations in 2016 and 2015 are as follows.

	2016	2015
Gross margin	**12%**	12%
Growth rate for the five-year period	**3%–5%**	3%–5%
Terminal growth rate	**3%**	3%
Pre-tax discount rate	**11.87%**	12.82%

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

10. INTANGIBLE ASSETS (Continued)

(b) Construction licence

Impairment test for construction licence

The recoverable amount of construction licence based on value-in-use calculations as at 31 December 2016 was determined by estimating the value of royalty (that is, licence fee) from which the Group is exempted by virtue of the fact that it owns the licence. The value of royalty is determined by a royalty rate of the licence multiplied by the net revenue expected to be generated by the Company and then capitalised at a discounted rate. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated rates stated below.

Key assumptions used for value-in-use calculations in 2016 and 2015 are as follows.

	2016	2015
Royalty rate	**1%**	1%
Growth rate for the five-year period	**3%–5%**	3%–5%
Terminal growth rate	**3%**	3%
Pre-tax discount rate	**12.75%**	13.71%

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

11. SUBSIDIARIES

The following is a list of principal subsidiaries at 31 December 2016:

Company name	**Date of incorporation/ establishment**	**Legal status**	**Issued/registered and fully paid up capital**	**Attributable equity interests**		**Equity interests held by non-controlling interests**	**Principal activities and place of operations**
				Direct	**Indirect**		
Subsidiaries — incorporated in the PRC:							
廣州富力興盛置業發展有限公司	9 January 2004	Sino-foreign joint venture with limited liability	USD6,500,000	25%	75%	—	Development and investment of office buildings in the PRC
廣州富力恒盛置業發展有限公司	9 January 2004	Sino-foreign joint venture with limited liability	USD6,500,000	25%	75%	—	Development and investment of hotel buildings in the PRC
廣州富力鼎盛置業發展有限公司	9 January 2004	Sino-foreign joint venture with limited liability	USD6,500,000	25%	75%	—	Development and investment of hotel buildings in the PRC
廣州富力嘉盛置業發展有限公司	29 September 2005	Limited liability company	RMB400,000,000	97.5%	2.5%	—	Property development in the PRC
廣州富力創盛置業發展有限公司	4 November 2005	Limited liability company	RMB360,000,000	86.11%	13.89%	—	Property development in the PRC

(All amounts in RMB Yuan thousands unless otherwise stated)

11. SUBSIDIARIES (Continued)

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests Direct	Attributable equity interests Indirect	Equity interests held by non-controlling interests	Principal activities and place of operations
Subsidiaries — incorporated in the PRC: (Continued)							
廣州德和投資發展有限公司	10 January 2006	Limited liability company	RMB300,000,000	98.67%	1.33%	—	Property development in the PRC
廣州市住宅建築設計院有限公司	26 April 1995	Limited liability company	RMB5,000,000	93.84%	6.16%	—	Residential architecture design in the PRC
廣州天力建築工程有限公司	20 May 1993	Limited liability company	RMB300,000,000	90%	10%	—	Construction company in the PRC
廣東恒力建設工程有限公司	12 June 2001	Limited liability company	RMB15,000,000	—	100%	—	Construction company in the PRC
廣州富力美好置業發展有限公司	10 November 2003	Limited liability company	RMB3,010,000	80%	20%	—	Property leasing in the PRC
廣州天力物業發展有限公司	10 December 1997	Limited liability company	RMB5,000,000	90%	10%	—	Property management in the PRC
廣州富力裝飾工程有限公司	27 April 2006	Limited liability company	RMB10,000,000	90%	10%	—	Provision of interior design service in the PRC
惠州富力房地產開發有限公司	10 April 2007	Limited liability company	RMB100,000,000	95%	5%	—	Property development in the PRC
龍門富力房地產開發有限公司	6 September 2007	Limited liability company	RMB196,000,000	97.45%	2.55%	—	Property development in the PRC
博羅縣紅中實業發展有限公司	27 April 2004	Limited liability company	RMB250,000,000	95%	5%	—	Property development in the PRC
北京富力城房地產開發有限公司 (“北京富力城”)	24 April 2002	Limited liability company	RMB1,394,781,578	96%	4%	—	Property development in the PRC
富力(北京)地產開發有限公司	27 June 2002	Limited liability company	RMB100,000,000	80%	20%	—	Property development in the PRC
北京龍熙順景房地產開發有限責任公司	20 August 2001	Limited liability company	RMB29,000,000	—	100%	—	Property development in the PRC
北京東方長安房地產開發有限公司	6 December 2001	Limited liability company	RMB50,000,000	—	100%	—	Property development in the PRC
富力(香河)房地產開發有限公司	5 November 2009	Limited liability company	RMB200,000,000	—	100%	—	Property development in the PRC
北京恒富物業服務有限公司	11 December 2002	Limited liability company	RMB5,000,000	—	100%	—	Property management in the PRC
富力南京地產開發有限公司	8 September 2010	Limited liability company	RMB500,000,000	—	100%	—	Property development in the PRC
北京富力歐美園林綠化工程有限公司	6 March 2003	Limited liability company	RMB10,000,000	—	100%	—	Gardening and virescence construction in the PRC
北京天越門窗製造有限公司	8 August 2003	Limited liability company	RMB4,000,000	—	100%	—	Manufacturing of aluminium frame and sales of construction and decoration materials in the PRC

11. SUBSIDIARIES (Continued)

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests Direct	Attributable equity interests Indirect	Equity interests held by non-controlling interests	Principal activities and place of operations
Subsidiaries — incorporated in the PRC: (Continued)							
北京極富房地產開發有限公司	31 August 2007	Limited liability company	RMB30,000,000	100%	—	—	Property development in the PRC
天津富力城房地產開發有限公司	29 November 2004	Limited liability company	RMB604,280,000	98.35%	1.65%	—	Property development in the PRC
天津耀華投資發展有限公司	27 September 2002	Limited liability company	RMB535,475,234	—	100%	—	Property development in the PRC
西安保德信房地產開發有限公司	8 August 2005	Limited liability company	RMB65,000,000	—	100%	—	Property development in the PRC
太原富力城房地產開發有限公司	14 August 2007	Limited liability company	RMB350,000,000	—	100%	—	Property development in the PRC
重慶富力房地產開發有限公司	30 December 2005	Limited liability company	RMB660,000,000	32.35%	67.65%	—	Property development in the PRC
廣州富力地產(重慶)有限公司	26 January 2007	Limited liability company	RMB854,500,000	94.82%	5.18%	—	Property development in the PRC
成都富力地產開發有限公司	27 March 2007	Limited liability company	RMB600,000,000	98.33%	1.67%	—	Property development in the PRC
成都熊貓萬國商城有限公司	29 October 1997	Limited liability company	RMB80,000,000	85%	—	15%	Property development in the PRC
昆山新延房地產開發有限公司	16 November 2000	Limited liability company	RMB128,000,000	—	100%	—	Property development in the PRC
昆山國銀置業有限公司	9 July 2002	Limited liability company	RMB380,000,000	95%	5%	—	Property development in the PRC
海南三林旅業開發有限公司	7 March 1995	Limited liability company	RMB188,900,000	—	100%	—	Property development in the PRC
海南怡豐房地產發展(香港)公司	27 January 1994	Sino-foreign joint venture with limited liability	HKD15,000,000	85%	15%	—	Property development in the PRC
海南陵水富力灣開發有限公司	23 November 2006	Limited liability company	RMB600,000,000	100%	—	—	Property development in the PRC
海南富力房地產開發有限公司	29 March 2007	Limited liability company	RMB560,000,000	95%	5%	—	Property development in the PRC
海南那甲旅業開發有限公司	27 November 1998	Limited liability company	RMB300,000,000	99.8%	0.2%	—	Property development in the PRC
海南協興地產發展(香港)有限公司	26 January 1994	Sino-foreign joint venture with limited liability	HKD15,000,000	85%	15%	—	Property development in the PRC
廣州天富房地產開發有限公司	8 July 2002	Sino-foreign cooperation with limited liability	USD21,000,000	85%	—	15%	Property development in the PRC
廣州富力超盛置業發展有限公司	8 December 2005	Limited liability company	RMB600,000,000	100%	—	—	Property development in the PRC
北京華恩房地產開發有限公司	5 September 2000	Limited liability company	RMB30,000,000	52%	48%	—	Property development in the PRC
西安濱湖花園房地產開發有限公司	8 August 2005	Limited liability company	RMB55,000,000	—	100%	—	Property development in the PRC

(All amounts in RMB Yuan thousands unless otherwise stated)

11. SUBSIDIARIES (Continued)

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests Direct	Attributable equity interests Indirect	Equity interests held by non-controlling interests	Principal activities and place of operations
Subsidiaries — incorporated in the PRC: (Continued)							
重慶富力嘉盛房地產開發有限公司	28 January 2014	Wholly foreign-owned enterprise with limited liability	RMB794,540,000	—	100%	—	Property development in the PRC
廣州聖景房地產開發有限公司	27 August 2007	Sino-foreign joint venture with limited liability	USD80,000,000	25%	75%	—	Property development in the PRC
成都富力熊貓城項目開發有限公司	15 August 2006	Sino-foreign joint venture with limited liability	RMB30,000,000	65%	—	35%	Property development in the PRC
西安富力灣房地產開發有限公司	14 September 2010	Limited liability company	RMB100,000,000	—	100%	—	Property development in the PRC
海南天力建築工程有限公司	9 July 2010	Limited liability company	RMB20,000,000	—	100%	—	Construction company in the PRC
北京富源盛達房地產開發有限公司	20 January 2011	Limited liability company	RMB30,000,000	—	100%	—	Property development in the PRC
富力(哈爾濱)房地產開發有限公司	12 April 2011	Limited liability company	RMB100,000,000	—	100%	—	Property development in the PRC
廣州富力足球俱樂部有限公司	7 July 2011	Limited liability company	RMB20,000,000	100%	—	—	Operation of a football club in the PRC
大同富力城房地產開發有限公司	17 November 2011	Limited liability company	RMB200,000,000	—	100%	—	Property development in the PRC
惠州富茂房地產開發有限公司	14 May 2010	Limited liability company	RMB500,000,000	50%	50%	—	Property development in the PRC
天津百合灣建設有限公司	30 January 2012	Limited liability company	RMB160,000,000	—	100%	—	Property development in the PRC
上海極富房地產開發有限公司	31 January 2013	Limited liability company	RMB200,000,000	—	100%	—	Property development in the PRC
無錫天潤福源房地產開發有限公司	2 March 2011	Limited liability company	RMB100,000,000	—	100%	—	Property development in the PRC
梅州富力房地產開發有限公司	1 July 2013	Limited liability company	RMB550,000,000	99.09%	0.91%	—	Property development in the PRC
杭州富力房地產開發有限公司	19 December 2012	Limited liability company	USD120,000,000	—	100%	—	Property development in the PRC
無錫極富房地產開發有限公司	16 December 2013	Limited liability company	USD300,000,000	—	100%	—	Property development in the PRC
福州市台江富力置業有限公司	11 September 2013	Limited liability company	RMB100,000,000	—	100%	—	Property development in the PRC
包頭市富力房地產開發有限公司	18 October 2013	Limited liability company	RMB200,000,000	—	100%	—	Property development in the PRC
天津富潤房地產開發有限公司	23 October 2013	Limited liability company	RMB100,000,000	—	100%	—	Property development in the PRC
南京富力城房地產開發有限公司	27 November 2013	Limited liability company	RMB100,000,000	—	100%	—	Property development in the PRC
文昌富力房地產開發有限公司	25 August 2011	Limited liability company	RMB370,000,000	95%	5%	—	Property development in the PRC

11. SUBSIDIARIES (Continued)

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests Direct	Attributable equity interests Indirect	Equity interests held by non-controlling interests	Principal activities and place of operations
Subsidiaries — incorporated in the PRC: (Continued)							
杭州極富房地產開發有限公司	27 February 2013	Wholly foreign owned enterprise with limited liability	USD75,000,000	—	100%	—	Property development in the PRC
哈爾濱富力城房地產開發有限公司	15 May 2013	Limited liability company	RMB100,000,000	—	100%	—	Property development in the PRC
杭州品富房地產開發有限公司	4 September 2013	Wholly foreign-owned enterprise with limited liability	USD70,000,000	—	100%	—	Property development in the PRC
佛山富力房地產開發有限公司	13 November 2013	Limited liability company	RMB100,000,000	100%	—	—	Property development in the PRC
杭州聯富房地產開發有限公司	19 December 2013	Single-member limited liability company	RMB100,000,000	—	100%	—	Property development in the PRC
山西永紅盛置業有限公司	14 September 2012	Limited liability company	RMB10,000,000	—	90%	10%	Property development in the PRC
廣州耀盈房地產開發有限公司	6 February 2015	Limited liability company	RMB450,000,000	100%	—	—	Property development in the PRC
北京富力通達房地產開發有限公司 ("北京富力通達")	20 November 2013	Limited liability company	RMB100,000,000	—	100%	—	Property development in the PRC
富力(瀋陽)房地產開發有限公司	15 January 2014	Sino-foreign joint venture with limited liability	USD90,000,000	—	100%	—	Property development in the PRC
上海眾弘置業發展有限公司	24 September 2013	Limited liability company	RMB100,000,000	—	100%	—	Property development in the PRC
湖州富力房地產開發有限公司	23 January 2015	Single-member limited liability company	RMB250,000,000	—	100%	—	Property development in the PRC
海口富力會旅遊發展有限公司	16 May 2012	Limited liability company	RMB1,000,000	—	100%	—	Tourism project development in the PRC
惠州市金鵝溫泉實業有限公司	2 March 2004	Limited liability company	RMB50,000,000	100%	—	—	Property development and operating a hotel in the PRC
Subsidiaries — incorporated in Hong Kong:							
R&F Properties (HK) Company Limited	25 August 2005	Limited liability company	HKD10,000	100%	—	—	Investment holding in Hong Kong

(All amounts in RMB Yuan thousands unless otherwise stated)

11. SUBSIDIARIES (Continued)

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests Direct	Attributable equity interests Indirect	Equity interests held by non-controlling interests	Principal activities and place of operations
Subsidiaries — incorporated in British Virgin Islands (BVI):							
R&F Properties (BVI) Co., Ltd.	31 March 2006	Limited liability company	USD1	—	100%	—	Investment holding in BVI
Palace View Investments Limited	21 March 2006	Limited liability company	USD1	—	100%	—	Investment holding in BVI
Maxview Investments Limited	3 April 2006	Limited liability company	USD50,000	—	100%	—	Investment holding in BVI
General Light Investments Limited	5 July 2011	Limited liability company	USD1	—	100%	—	Investment holding in BVI
Value Success Investments Limited	1 September 2006	Limited liability company	USD10,000	—	100%	—	Investment holding in BVI
Big Will Investments Limited ("Big Will")	2 November 2007	Limited liability company	USD1	—	100%	—	Investment holding in BVI
Caifu Holdings Limited ("Caifu")	2 January 2013	Limited liability company	USD1	—	100%	—	Investment holding in BVI
Trillion Chance Limited ("Trillion Chance")	31 October 2013	Limited liability company	USD1	—	100%	—	Investment holding in BVI
Easy Tactic Limited ("Easy Tactic")	16 October 2013	Limited liability company	USD2	—	100%	—	Investment holding in BVI
Subsidiaries — incorporated in UK:							
R&F Properties (UK) Company Limited	24 August 2016	Limited liability company	GBP1	—	100%	—	Investment holding in UK
Subsidiaries — incorporated in Korea:							
R&F Korea Co., Ltd.	21 November 2016	Limited liability company	KOR1,000,000,000	—	100%	—	Property development in Korea
Subsidiaries — incorporated in Malaysia:							
R&F Development SDN BHD	7 November 2013	Limited liability company	MYR500,000	—	100%	—	Property development in Malaysia
R&F Mega Realty SDN BHD	27 January 2014	Limited liability company	MYR2	—	100%	—	Property development in Malaysia
Subsidiaries — incorporated in Australia:							
R&F Property Pty Ltd	5 June 2014	Limited liability company	AUD100	—	100%	—	Property development in Australia
R&F Estate Pty Ltd	7 July 2014	Limited liability company	AUD100	—	100%	—	Property development in Australia
R&F Mega Property Pty Ltd	14 July 2014	Limited liability company	AUD100	—	100%	—	Property development in Australia

11. SUBSIDIARIES (Continued)

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests Direct	Attributable equity interests Indirect	Equity interests held by non-controlling interests	Principal activities and place of operations
Subsidiaries — incorporated in Australia: (Continued)							
R&F Mega Realty Pty Ltd	14 July 2014	Limited liability company	AUD100	—	100%	—	Property development in Australia
R&F Mega Estate Pty Ltd	23 September 2014	Limited liability company	AUD100	—	100%	—	Property development in Australia
R&F Development Holdings Pty Ltd	30 May 2014	Limited liability company	AUD1	—	100%	—	Investment holdings in Australia
Subsidiaries — incorporated in Singapore:							
R&F Development Pte. Ltd.	16 April 2014	Limited liability company	SGD1	—	100%	—	Marketing development in Singapore

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

The accumulated non-controlling interests as at 31 December 2016 were RMB653,718,000 (2015: RMB527,895,000). The non-controlling interests in respect of each subsidiary are not individually material to the Group.

(All amounts in RMB Yuan thousands unless otherwise stated)

12. INTERESTS IN JOINT VENTURES

	2016	2015
At 1 January	5,954,631	4,617,519
Acquisition of additional equity interests in a joint venture	—	(4,124)
Share of results	844,493	1,343,455
Elimination of unrealised profits	(3,732)	(2,219)
At 31 December	6,795,392	5,954,631

(a) As at 31 December 2016, the Group's interests in joint ventures, which are not individually material to the Group in the opinion of the directors, are accounted for using the equity method. The aggregate amount of the Group's share of both profit or loss from continuing operations and total comprehensive income of these joint ventures for the year ended 31 December 2016 was RMB844,493,000 (2015: RMB1,343,455,000). The joint ventures listed below have share capital consisting solely of registered capital.

Name of entity	Place of business/ incorporation	% of ownership interests held at 31 December 2016	
		Direct	Indirect
廣州市富景房地產開發有限公司 ("廣州富景")	the PRC	33.34%	—
天津津南新城房地產開發有限公司 ("津南新城")	the PRC	—	25%
天津和安投資有限公司	the PRC	—	25%
Hines Shanghai New Jiangwan Development Co., Ltd. ("Hines Shanghai")	Cayman Islands	—	50%
上海城投悅城置業有限公司 ("上海悅城")	the PRC	—	50%
廣州市森華房地產有限公司 ("森華房地產")	the PRC	50%	—
貴州大西南房地產開發有限公司 ("貴州大西南")	the PRC	60%	—
廣州市騰順投資有限公司 ("騰順投資")	the PRC	45%	—
廣西富雅投資有限公司 ("廣西富雅")	the PRC	50%	—
Accord Wing Limited ("Accord Wing")	BVI	—	25%
Charm Talent Limited ("Charm Talent")	Hong Kong	—	25%

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

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

13. INTERESTS IN ASSOCIATES

	2016	2015
At 1 January	**71,052**	86,213
Addition	**20,000**	—
Acquisition of a subsidiary (Note (a))	**78,793**	—
Share of results	**438**	(9,146)
Dividends received from an associate	**(3,375)**	(6,015)
At 31 December	**166,908**	71,052

(a) The Group acquired 50% equity interests in 北京盛興天和投資管理有限公司 ("北京盛興天和") in 2016 through the acquisition of Golden Swan (Note 6), making it an associate of the Group.

(b) As at 31 December 2016, the Group's interests in associates, which are not individually material to the Group in the opinion of the directors, are accounted for using the equity method. The aggregate amount of the Group's share of both profit or loss from continuing operations and total comprehensive income of these associates for the year ended 31 December 2016 was RMB64,329,000 (2015: RMB18,893,000). The associates listed below have share capital consisting solely of registered capital.

Name of entity	Place of business/ incorporation	% of ownership interest held at 31 December 2016	
		Direct	Indirect
北京富盛利房地產經紀有限公司	the PRC	—	30%
廣州利合房地產開發有限公司 ("廣州利合")	the PRC	20%	—
北京粵商投資股份有限公司	the PRC	—	22%
廣州盛安創富投資管理有限公司 ("盛安創富")	the PRC	20%	—
河南建業富居投資有限公司 ("河南建業")	the PRC	45%	—
北京中房同創文化傳媒股份有限公司	the PRC	—	20%
北京盛興天和	the PRC	—	50%

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

(All amounts in RMB Yuan thousands unless otherwise stated)

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2016	2015
At 1 January	**645,140**	535,477
Additions	**157,755**	—
Disposals	**(157,755)**	—
Additional capital injection to an existing equity investment	—	101,032
Acquisition of additional equity interests in an unlisted private fund	—	(14,700)
Fair value gains recognised as other comprehensive income	**64,990**	23,331
At 31 December	**710,130**	645,140

Available-for-sale financial assets include the following:

	2016	2015
Unlisted securities:		
— Unlisted equity investments	**583,550**	564,590
— Unlisted private funds	**126,580**	80,550
	710,130	645,140

Available-for-sale financial assets as at 31 December 2016 and 2015 are denominated in RMB.

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

The maximum exposure to credit risk at the reporting date is the carrying amounts of available-for-sale financial assets. None of these financial assets is either past due or impaired (2015: Nil).

15. FINANCIAL INSTRUMENTS BY CATEGORY

	2016	2015
Loans and receivables		
Trade and other receivables excluding prepayments	**20,017,542**	15,035,051
Cash and cash equivalents	**25,306,015**	13,970,313
Restricted cash	**20,663,067**	6,814,094
Time deposits	**—**	500,000
	65,986,624	36,319,458
Available-for-sale financial assets	**710,130**	645,140
	66,696,754	36,964,598

	2016	2015
Financial liabilities at amortised cost		
Borrowings (excluding finance lease liabilities)	**120,528,552**	82,378,121
Finance lease liabilities	**323,532**	60,519
Trade and other payables excluding non-financial liabilities	**18,231,502**	16,102,823
	139,083,586	98,541,463

16. PROPERTIES UNDER DEVELOPMENT

	2016	2015
Amount comprises:		
Lands and land use rights	**56,149,060**	51,869,625
Construction costs and capitalised expenditures	**16,457,644**	19,491,883
Finance costs capitalised	**8,527,838**	7,310,418
	81,134,542	78,671,926

All properties under development are expected to be completed within the normal operating cycle.

The capitalisation rate used to determine the amount of finance costs eligible for capitalisation is 7.07% for 2016 (2015: 7.05%).

As at 31 December 2016, properties under development of RMB30,414,608,000 (2015: RMB29,687,144,000) were pledged as collateral for the Group's borrowings.

(All amounts in RMB Yuan thousands unless otherwise stated)

17. COMPLETED PROPERTIES HELD FOR SALE

	2016	2015
Amount comprises:		
Land use rights	**9,148,887**	6,335,094
Construction costs and capitalised expenditures	**15,115,117**	14,380,159
Finance costs capitalised	**2,519,014**	1,712,735
	26,783,018	22,427,988

As at 31 December 2016, completed properties held for sale of RMB319,335,000 (2015: RMB1,472,747,000) were pledged as collateral for the Group's borrowings.

18. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2016	2015
Trade receivables — net (Note (a))	**7,175,084**	4,864,843
Other receivables — net (Note (b))	**11,747,174**	5,884,946
Prepayments (Note (d))	**1,662,690**	2,587,669
Due from joint ventures	**1,053,003**	1,737,889
Due from associates	**42,281**	2,547,373
Total	**21,680,232**	17,622,720
Less: non-current portion	**(97,420)**	(4,046,552)
Current portion	**21,582,812**	13,576,168

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

(a) Trade receivables

	2016	2015
Trade receivables — current portion	**7,209,024**	4,885,021
Less: allowance for impairment	**(33,940)**	(20,178)
	7,175,084	4,864,843
Trade receivables — non-current portion	**—**	—
	7,175,084	4,864,843

18. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

(a) Trade receivables (Continued)

Trade receivables in respect of sale of properties are settled in accordance with the terms stipulated in the sale and purchase agreements. Generally, purchasers of residential properties are required to settle the balances within 90 days as specified in the sale and purchase agreements. Purchasers of certain office and commercial units are required to settle the outstanding balances within 12 months as specified in the sale and purchase agreements. The ageing analysis of trade receivables is as follows:

	2016	2015
Up to 1 year	**6,180,202**	3,741,074
1 year to 2 years	**391,554**	877,741
2 years to 3 years	**511,180**	102,891
Over 3 years	**126,088**	163,315
	7,209,024	4,885,021

Trade receivables are analysed as follows:

	2016	2015
Fully performing under credit terms	**6,433,315**	3,982,775
Past due but not impaired	**741,769**	882,068
Non-performing and impaired	**33,940**	20,178
Trade receivables	**7,209,024**	4,885,021
Less: allowance for impairment	**(33,940)**	(20,178)
Trade receivables — net	**7,175,084**	4,864,843

As at 31 December 2016, trade receivables of RMB33,940,000 (2015: RMB20,178,000) were impaired with full allowance for impairment. The individually impaired receivables mainly related to certain independent customers which are in unexpectedly difficult economic situations. The ageing of these trade receivables is as follows:

	2016	2015
1 year to 2 years	**—**	2,954
2 years to 3 years	**1,580**	—
Over 3 years	**32,360**	17,224
	33,940	20,178

(All amounts in RMB Yuan thousands unless otherwise stated)

18. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

(a) Trade receivables (Continued)

For past due but not impaired receivables, the Group has the right to cancel the sale contracts and take over the legal title of the underlying properties for re-sale. Therefore, the directors consider that the receivables would be recovered and no allowance was made against these receivables as at 31 December 2016 (2015: Nil). The ageing analysis of these trade receivables is as follows:

	2016	2015
1 year to 2 years	243,802	717,242
2 years to 3 years	433,021	63,707
Over 3 years	64,946	101,119
	741,769	882,068

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

	2016	2015
At 1 January	20,178	1,818
Allowance for impairment	16,734	18,365
Reversal of allowance for impairment	(2,972)	(5)
At 31 December	33,940	20,178

(b) Other receivables

Other receivables mainly represented deposits for acquisitions of land use rights and subsidiaries, and other deposits and receivables for normal business activities.

Other receivables are analysed as below:

	2016	2015
Fully performing under normal business	11,747,174	5,884,946
Non-performing and impaired	72,971	62,813
Other receivables	11,820,145	5,947,759
Less: allowance for impairment	(72,971)	(62,813)
Other receivables — net	11,747,174	5,884,946

18. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

(b) Other receivables (Continued)

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

	2016	2015
At 1 January	**62,813**	52,181
Allowance for impairment	**10,158**	10,632
At 31 December	**72,971**	62,813

(c) The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security except for certain equity interests in a target company.

(d) Prepayments are mainly for acquisitions of land use rights and purchases of construction materials.

(e) The carrying amounts of the Group's trade and other receivables, including amounts due from joint ventures and associates, are denominated in the following currencies:

	2016	2015
— RMB	**19,855,047**	15,026,694
— HKD	**105,558**	—
— AUD	**44,202**	7,652
— MYR	**12,695**	592
— SGD	**40**	113
	20,017,542	15,035,051

19. RESTRICTED CASH

	2016	2015
Guarantee deposits for borrowings (Note (a))	**12,947,855**	970,239
Guarantee deposits for construction of pre-sold properties (Note (b))	**6,455,545**	4,663,642
Guarantee deposits for interest of senior notes (Note (c))	**476,981**	583,515
Guarantee deposits for construction payables (Note (d))	**43,191**	35,996
Guarantee deposits for resettlement costs (Note (e))	**35,960**	45,585
Guarantee deposits for mortgage loans provided to customers (Note (f))	**68,265**	19,583
Others (Note (g))	**635,270**	495,534
	20,663,067	6,814,094

(All amounts in RMB Yuan thousands unless otherwise stated)

19. RESTRICTED CASH (Continued)

(a) Pursuant to certain bank loan agreements, the Group is required to place certain cash deposits as securities for borrowings. Such guarantee deposits will only be released after full repayment of relevant borrowings.

(b) In accordance with the relevant documents issued by the local State-Owned Land and Resource Bureau, certain property development companies of the Group are required to place at designated bank accounts the pre-sale proceeds of properties received as the guarantee deposits for constructions of related properties. The deposits can only be used for purchases of construction materials and payments of construction fees of related property projects upon the approval of the local State-Owned Land and Resource Bureau. Such guarantee deposits will be released according to the completion stage of the related pre-sold properties.

(c) According to the relevant contracts, the Group is required to place at a designated bank account certain cash deposits as security for payment of interest of senior notes. Such guarantee deposits will only be released after redemption of senior notes.

(d) According to the relevant construction contracts, certain property development companies of the Group are required to place at designated bank accounts certain amount of the construction payables as deposits as cash collateral. Such guarantee deposits will only be released after settlement of the construction payables.

(e) In accordance with the relevant documents issued by the local State-Owned Land and Resource Bureau, certain property development companies of the Group are required to place at designated bank accounts the resettlement costs payable to the owners or residents of the existing buildings being demolished for development. The deposits can only be used for such resettlement costs according to the payment schedule.

(f) According to the relevant contracts, certain property development companies of the Group are required to place at designated bank accounts certain cash deposits as collateral for mortgage loans advanced to property purchasers. Such guarantee deposits will only be released after full repayment of the mortgage loans.

(g) Others mainly include guarantee deposits for letters of credit and salary payments for construction workers.

The restricted cash is denominated in the following currencies:

	2016	2015
— RMB	**20,045,110**	6,183,727
— USD	**596,623**	623,913
— MYR	**21,334**	1,962
— AUD	**—**	4,492
	20,663,067	6,814,094

The directors of the Group are of the view that the restricted cash listed above will be released within the normal operating cycle.

20. CASH AND CASH EQUIVALENTS

	2016	2015
Cash at bank and on hand	**16,969,615**	13,682,440
Short-term bank deposits	**8,336,400**	287,873
	25,306,015	13,970,313

	2016	2015
Denominated in:		
— RMB	**15,379,209**	13,878,291
— USD	**9,483,308**	7,451
— AUD	**287,905**	11,918
— HKD	**123,011**	46,142
— MYR	**31,745**	26,092
— SGD	**835**	419
— MOP	**2**	—
	25,306,015	13,970,313

The conversion of RMB and MYR denominated balances into foreign currencies and the remittance of these foreign currencies denominated bank balances and cash out of the PRC and Malaysia are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC and Malaysian governments.

The cash at bank balances are deposited with creditworthy banks with no recent history of default.

21. SHARE CAPITAL

	Number of shares (thousands)	**Share capital**
At 31 December 2016 and 2015		
— domestic shares	2,207,109	551,777
— H shares*	1,015,258	253,815
	3,222,367	805,592

* H shares refer to the Company's shares listed on The Main Board of Stock Exchange of Hong Kong Limited. The share premium related to H shares is shown in Note 22.

As at 31 December 2016 and 2015, the registered, issued and fully paid capital of the Company was RMB805,592,000 divided into 3,222,367,000 shares, comprising 2,207,109,000 domestic shares and 1,015,258,000 H shares.

(All amounts in RMB Yuan thousands unless otherwise stated)

22. OTHER RESERVES

	Share premium	Available-for-sale financial assets	Statutory reserves	Translation reserves	Others	Total
Balance at 1 January 2015	3,636,625	342,167	539,144	5,810	15,076	4,538,822
Fair value gains of available-for-sale financial assets, net of tax	—	17,498	—	—	—	17,498
Currency translation differences	—	—	—	23,969	—	23,969
Gains on disposals of shares held for Share Award Scheme	—	—	—	—	12,862	12,862
Changes in ownership interests in subsidiaries without change of control	—	—	—	—	(2,203)	(2,203)
Balance at 31 December 2015	3,636,625	359,665	539,144	29,779	25,735	4,590,948
Balance at 1 January 2016	**3,636,625**	**359,665**	**539,144**	**29,779**	**25,735**	**4,590,948**
Fair value gains of available-for-sale financial assets, net of tax	**—**	**48,743**	**—**	**—**	**—**	**48,743**
Currency translation differences	**—**	**—**	**—**	**(4,792)**	**—**	**(4,792)**
Gains on disposals of shares held for Share Award Scheme	**—**	**—**	**—**	**—**	**44,570**	**44,570**
Balance at 31 December 2016	**3,636,625**	**408,408**	**539,144**	**24,987**	**70,305**	**4,679,469**

(a) According to the rules and regulations applicable to the Group's subsidiaries in the PRC, when distributing net profits of each year, these subsidiaries are required to transfer an amount of their net profits as reported in their statutory accounts for the statutory reserves until the accumulated balance of such reserves reaches 50% of their registered capital.

(b) Depending on the nature, the statutory reserves can be used to set off accumulated losses of the subsidiaries or distribute to the owners in form of bonus issue.

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

23. SHARES HELD FOR SHARE AWARD SCHEME

	2016	2015
Balance at 1 January	**88,947**	128,711
Disposals of shares	**(88,947)**	(39,764)
Balance at 31 December	**—**	88,947

23. SHARES HELD FOR SHARE AWARD SCHEME (Continued)

On 23 August 2011, a Share Award Scheme (the "Scheme") was approved and adopted by the Board of Directors of the Company. The Scheme was terminated on 25 November 2013. No shares were awarded to eligible employees upon or prior to the termination of the Scheme.

As at 31 December 2016, no H Shares were held under Share Award Scheme of the Group.

24. PERPETUAL CAPITAL INSTRUMENTS

	2016	2015
At 1 January	**7,977,869**	15,648,416
Additions	**2,400,000**	—
Redemptions	**(7,900,000)**	(7,643,912)
Profit attributable to holders of perpetual capital instruments	**273,943**	1,105,249
Distributions to holders of perpetual capital instruments	**(347,485)**	(1,131,884)
At 31 December	**2,404,327**	7,977,869

The perpetual capital instruments are jointly guaranteed by the Company and a subsidiary and secured by pledges of the shares of the subsidiary. There is no maturity date and the distribution payments can be deferred at the discretion of the Group. Therefore, the perpetual capital instruments are classified as equity instruments and recorded in equity in the consolidated balance sheet.

25. ACCRUALS AND OTHER PAYABLES

	2016	2015
Amounts due to joint ventures (Note (a))	**2,347,150**	2,032,153
Amounts due to an associate (Note (a))	**414,142**	—
Advance from a joint venture	**—**	13,720
Construction payables (Note (b))	**10,294,391**	9,144,332
Other payables and accrued charges (Note (c))	**8,895,782**	7,537,707
	21,951,465	18,727,912

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

(b) Construction payables comprise construction costs and other project-related expenses payable which are based on project progress measured by project management team of the Group. Therefore, no ageing analysis is presented.

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

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

(All amounts in RMB Yuan thousands unless otherwise stated)

26. BORROWINGS

	2016	2015
Non-current		
Long-term borrowings		
Bank borrowings (Note (a))		
— Secured	32,646,591	31,422,069
— Unsecured	4,203,550	6,177,530
	36,850,141	37,599,599
Domestic bonds (Note (b))		
— Unsecured	48,697,974	6,429,519
Senior notes (Note (c))		
— Secured	11,550,207	12,776,880
Other borrowings (Note (d))		
— Secured	12,299,000	19,010,527
— Unsecured	500,000	900,000
	12,799,000	19,910,527
Finance lease liabilities (Note (e))		
— Secured	323,532	60,519
Less: current portion of long-term borrowings	(23,050,688)	(27,017,646)
	87,170,166	49,759,398
Current		
Short-term borrowings		
Bank borrowings (Note (a))		
— Secured	8,619,900	37,500
— Unsecured	598,000	1,284,096
	9,217,900	1,321,596
Other borrowings (Note (d))		
— Secured	580,000	2,740,000
— Unsecured	833,330	1,600,000
	1,413,330	4,340,000
	10,631,230	5,661,596
Current portion of long-term borrowings	23,050,688	27,017,646
Total borrowings	120,852,084	82,438,640

26. BORROWINGS (Continued)

(a) Bank borrowings

Interest rates on bank borrowings are repriced regularly, which gives rise to exposure of the Group's bank borrowings to interest-rate changes. The contractual repricing dates are all within one year.

(i) Movements in bank borrowings are analysed as follows:

	2016	2015
At 1 January	38,921,195	34,538,686
Additions	25,446,361	17,858,426
Acquisition of subsidiaries	2,779,910	—
Repayments	(21,079,425)	(13,475,917)
At 31 December	46,068,041	38,921,195

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

	2016	2015
Within one year	16,993,531	12,141,186
Between one and two years	10,893,059	9,711,608
Between two and five years	7,888,381	9,736,520
Over five years	10,293,070	7,331,881
Total bank borrowings	46,068,041	38,921,195

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

	2016	2015
— RMB	36,925,566	38,921,195
— USD	8,671,250	—
— AUD	471,225	—
	46,068,041	38,921,195

(iv) The effective interest rate of bank borrowings is 5.52% (2015: 6.52%).

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

26. BORROWINGS (Continued)

(b) Domestic bonds

(i) 2015 Bonds

The Company issued 65,000,000 units of corporate bonds at a par value of RMB6.5 billion in the PRC on 13 July 2015 (the "2015 Bonds"). The corporate bonds were listed on the Shanghai Stock Exchange on 25 August 2015. The net proceeds of the 2015 Bonds, after deducting the transaction costs, amounted to RMB6,423,000,000.

The interest rate of the 2015 Bonds is fixed at 4.95% per annum. On the third anniversary of the issue date, the Company has an option to increase the interest rate by up to 100 basic points for the remaining periods. The 2015 Bonds will mature after five years from the issue date, and are puttable for early redemption at the principal amount upon the third anniversary of the issue date.

(ii) 2016 Bonds

The Company issued 60,000,000 units of corporate bonds at a par value of RMB6.0 billion in the PRC on 11 January 2016 (the "Original 2016 Bonds").

The Company further issued 36,000,000 units of corporate bonds at a par value of RMB3.6 billion in the PRC on 22 January 2016 (the "Additional 2016 Bonds I"). The interest rates of the Original 2016 Bonds and Additional 2016 Bonds I are fixed at 3.95% per annum. On the third anniversary of the issue date, the Company has an option to adjust the interest rates for the remaining periods. The Original 2016 Bonds and Additional 2016 Bonds I will mature after five years from the respective issue dates, and are puttable for early redemption at the principal amount upon the third anniversary of the respective issue dates.

The Company further issued 19,500,000 units of corporate bonds at a par value of RMB1.95 billion in the PRC on 7 April 2016 (the "Additional 2016 Bonds II"). The interest rate of the Additional 2016 Bonds II is fixed at 3.48% per annum. On the third anniversary of the issue date, the Company has an option to adjust the interest rate for the remaining periods. The Additional 2016 Bonds II will mature after six years from the issue date, and are puttable for early redemption at the principal amount upon the third anniversary of the issue date.

The Company further issued 9,500,000 units of corporate bonds at a par value of RMB0.95 billion in the PRC on 7 April 2016 (the "Additional 2016 Bonds III and, together with the Original 2016 Bonds, the Additional 2016 Bonds I and II, the "2016 Bonds"). The interest rate of the Additional 2016 Bonds III is fixed at 3.95% per annum. On the fifth anniversary of the issue date, the Company has an option to adjust the interest rate for the remaining periods. The Additional 2016 Bonds III will mature after seven years from the issue date, and are puttable for early redemption at the principal amount upon the fifth anniversary of the issue date.

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

26. BORROWINGS (Continued)

(b) Domestic bonds (Continued)

(iii) 2016 Non-public Bonds

The Company issued 46,000,000 units of non-public bonds at a par value of RMB4.6 billion in the PRC on 16 May 2016 (the "Original 2016 Non-public Bonds"). The interest rate of the Original 2016 Non-public Bonds is fixed at 5.20% per annum. On the third anniversary of the issue date, the Company has an option to adjust the interest rate for the remaining periods. The Original 2016 Non-public Bonds will mature after six years from the issue date, and are puttable for early redemption at the principal amount upon the third anniversary of the issue date.

The Company further issued 104,000,000 units of non-public bonds at a par value of RMB10.4 billion in the PRC on 30 May 2016 (the "Additional 2016 Non-public Bonds I"). The interest rate of the Additional 2016 Non-public Bonds I is fixed at 5.15% per annum. On the second anniversary of the issue date, the Company has an option to adjust the interest rate for the remaining periods. The Additional 2016 Non-public Bonds I will mature after four years from the issue date, and are puttable for early redemption at the principal amount upon the second anniversary of the issue date.

The Company further issued 93,000,000 units of non-public bonds at a par value of RMB9.3 billion in the PRC on 29 June 2016 (the "Additional 2016 Non-public Bonds II"). The interest rate of the Additional 2016 Non-public Bonds II is fixed at 5.00% per annum. On the second anniversary of the issue date, the Company has an option to adjust the interest rate for the remaining periods. The Additional 2016 Non-public Bonds II will mature after four years from the issue date, and are puttable for early redemption at the principal amount upon the second anniversary of the issue date.

The Company further issued 57,000,000 units of non-public bonds at a par value of RMB5.7 billion in the PRC on 19 October 2016 (the "Additional 2016 Non-public Bonds III" and, together with the Original 2016 Non-public Bonds, the Additional 2016 Non-public Bonds I and II, the "2016 Non-public Bonds"). The interest rate of the Additional 2016 Non-public Bonds III is fixed at 4.39% per annum. On the third anniversary of the issue date, the Company has an option to adjust the interest rate for the remaining periods. The Additional 2016 Non-public Bonds III will mature after six years from the issue date, and are puttable for early redemption at the principal amount upon the third anniversary of the issue date.

The net proceeds of the 2016 Non-public Bonds, after deducting the transaction costs, amounted to RMB29,769,400,000.

(iv) Fair value and movement of domestic bonds

The fair values of the 2015 Bonds and 2016 Bonds as at 31 December 2016 amounted to RMB19,123,600,000. The fair values were determined by reference to the price quotations published on the last trading day of the year ended 31 December 2016 and were within level 1 of the fair value hierarchy.

The fair values of the 2016 Non-public Bonds as at 31 December 2016 amounted to RMB30,121,098,000. The fair values were based on cash flows discounted at the borrowing rate of 4.9% and 4.75%, respectively, and were within level 2 of the fair value hierarchy.

(All amounts in RMB Yuan thousands unless otherwise stated)

26. BORROWINGS (Continued)

(b) Domestic bonds (Continued)

(iv) Fair value and movement of domestic bonds (Continued)

The movements of domestic bonds are set out below:

	2016	2015
At 1 January	**6,429,519**	—
Additions	**42,151,800**	6,423,000
Interest charged	**1,637,428**	157,724
Interest included in other payables	**(1,520,773)**	(151,205)
At 31 December	**48,697,974**	6,429,519

(c) Senior notes

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

(i) 2011 Notes

On 29 April 2011, a subsidiary of the Group, Big Will issued 10.875% senior notes due 29 April 2016 in the aggregate nominal value of USD150,000,000 (equivalent to approximately RMB979,500,000) at par (the "2011 Notes"). The net proceeds of the 2011 Notes, after deducting the transaction costs, amounted to RMB963,828,000.

On 29 April 2016, Big Will redeemed the 2011 Notes in full at a redemption price equal to 100% of the principal amount of the 2011 Notes outstanding thereof which amounted to RMB994,680,000 plus the accrued and unpaid interest of RMB52,680,000 as of 29 April 2016.

(ii) 2012 Notes

On 29 August 2012, Big Will issued 10.875% senior notes due 29 April 2016 in the aggregate principal amount of USD238,000,000 (equivalent to approximately RMB1,509,000,000) with the issue price 97.061% of the principal amount, plus accrued interest from (and including) 29 April 2012 to (but excluding) 29 August 2012 (the "2012 Notes"). The net proceeds of the 2012 Notes, after deducting the transaction costs, amounted to RMB1,436,117,000.

On 29 April 2016, Big Will redeemed the 2012 Notes in full at a redemption price equal to 100% of the principal amount of the 2012 Notes outstanding thereof which amounted to RMB1,578,225,600 plus the accrued and unpaid interest of RMB83,586,000 as of 29 April 2016.

26. BORROWINGS (Continued)

(c) Senior notes (Continued)

(iii) 2013 Notes

On 24 January 2013, a subsidiary of the Group, Caifu issued 8.75% senior notes due 24 January 2020 in the aggregate nominal value of USD400,000,000 (equivalent to approximately RMB2,511,000,000) at par (the "Original Notes").

On 6 February 2013, Caifu further issued 8.75% senior notes due 24 January 2020 in the aggregate principal amount of USD200,000,000 (equivalent to approximately RMB1,258,000,000) with the issue price 100.5% of the principal amount, plus accrued interest from (and including) 24 January 2013 to (but excluding) 6 February 2013 (the "Additional Notes" and, together with the Original Notes, the "2013 Notes").The net proceeds of the 2013 Notes, after deducting the transaction costs, amounted to RMB3,708,031,000.

On 24 January 2017, Caifu redeemed the 2013 Notes in full at a redemption price equal to 104.375% of the principal amount of the 2013 Notes outstanding thereof which amounted to RMB4,279,229,000 plus the accrued and unpaid interest of RMB177,661,000 as of 24 January 2017. The aggregate amount of the redemption premium and the unamortised borrowing costs, which amounted to RMB207,233,000, were charged to the consolidated income statement for the year ended 31 December 2016.

(iv) 2014 Notes

On 10 January 2014, a subsidiary of the Group, Trillion Chance issued 8.5% senior notes due 10 January 2019 in the aggregate principal amount of USD1,000,000,000 (the "2014 Notes"). The net proceeds of the 2014 Notes, after deducting the transaction costs, amounted to RMB5,991,541,000.

On 10 January 2017, Trillion Chance redeemed the 2014 Notes in full at a redemption price equal to 104.250% of the principal amount of the 2014 Notes outstanding thereof which amounted to RMB7,217,645,000 plus the accrued and unpaid interest of RMB294,245,000 as of 10 January 2017. The aggregate amount of the redemption premium and the unamortised borrowing costs, which amounted to RMB339,373,000, were charged to the consolidated income statement of the year ended 31 December 2016.

As at 31 December 2016, the 2013 and 2014 Notes were jointly guaranteed by certain subsidiaries of the Group and were secured by shares of certain offshore subsidiaries of the Group.

The effective interest rate of senior notes ranged from 8.87% to 12.25% (2015: 8.87% to 12.25%).

(All amounts in RMB Yuan thousands unless otherwise stated)

26. BORROWINGS (Continued)

(c) Senior notes (Continued)

(iv) 2014 Notes (Continued)

The movements of senior notes are set out below:

	2016	2015
At 1 January	**12,776,880**	11,987,708
Redemption of the 2011 and 2012 Notes	**(2,572,906)**	—
Interest charged	**1,117,780**	1,178,648
Accrued early redemption premium (Note 41(a))	**476,918**	—
Interest included in other payables	**(1,010,775)**	(1,131,935)
Exchange losses	**762,310**	742,459
At 31 December	**11,550,207**	12,776,880

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

The fair value of the senior notes as at 31 December 2016 amounted to RMB11,599,885,000 (31 December 2015: RMB13,252,554,000). The fair value is determined by reference to the price quotations published by Bloomberg on 31 December 2016 and is within level 1 of the fair value hierarchy.

(d) Other borrowings

Certain subsidiaries of the Group (the "Project Companies") have entered into funding arrangements with certain financial institutions (the "Trustees"), under which the Trustees have raised funds from third parties and injected the funds to the Project Companies.

The effective interest rate of these funding arrangements ranged from 4.75% to 13.18% (2015: 6.09% to 17.24%).

The movements of other borrowings are set out below:

	2016	2015
At 1 January	**24,250,527**	21,026,944
Additions	**5,244,330**	21,769,000
Acquisition of a subsidiary	**100,000**	—
Repayments	**(15,343,000)**	(18,555,960)
Interest charged	**1,585,401**	2,097,085
Interest included in other payables	**(1,624,928)**	(2,086,542)
At 31 December	**14,212,330**	24,250,527

26. BORROWINGS (Continued)

(d) Other borrowings (Continued)

The maturity of other borrowings is as follows.

	2016	2015
Within one year	**5,036,330**	7,713,000
Between one and two years	**6,626,000**	9,661,527
Between two and five years	**2,550,000**	6,876,000
Total other borrowings	**14,212,330**	24,250,527

The carrying amounts of other borrowings as at 31 December 2016 and 2015 are denominated in RMB.

The carrying amounts of other borrowings approximate their fair values.

(e) Finance lease liabilities

In April 2012, 北京富力城, a subsidiary of the Company entered into an aircraft rental agreement with an independent third party under a financial lease (the "2012 Finance Lease Arrangement"). Under the 2012 Finance Lease Arrangement, 北京富力城 leased an aircraft for an agreed term of five years commencing from 15 April 2012. At the maturity date of the lease, 北京富力城 has an option to purchase the aircraft for a consideration of RMB94,830,000.

In August 2016, 北京富力通達, another subsidiary of the Company entered into an aircraft rental agreement with an independent third party under a financial lease (the "2016 Finance Lease Arrangement"). Under the 2016 Finance Lease Arrangement, 北京富力通達 leased an aircraft for an agreed term of four years commencing from 15 September 2016. The lessor will transfer the ownership of the underlying asset to 北京富力通達 at the maturity date of the lease or the early repayment date.

The movements of finance lease liabilities are set out below:

	2016	2015
At 1 January	**60,519**	105,332
Additions	**354,691**	—
Repayments	**(93,908)**	(50,222)
Interest charged	**6,867**	5,409
Interest included in other payables	**(4,637)**	—
At 31 December	**323,532**	60,519

(All amounts in RMB Yuan thousands unless otherwise stated)

26. BORROWINGS (Continued)

(e) Finance lease liabilities (Continued)

	2016	2015
Gross finance lease liabilities — minimum lease payments		
No later than 1 year	**114,391**	50,222
Later than 1 year and no later than 5 years	**236,161**	12,557
	350,552	62,779
Future finance charges on finance leases	**(27,020)**	(2,260)
Present value of finance lease liabilities	**323,532**	60,519
The present value of finance lease liabilities is as follows:		
No later than 1 year	**101,850**	48,176
Later than 1 year and no later than 5 years	**221,682**	12,343
	323,532	60,519

(f) As at 31 December 2016, bank and other borrowings totaling RMB54,145,491,000 (2015: RMB53,210,096,000) were secured by the following:

	2016	2015
Land use rights	**697,664**	804,637
Property, plant and equipment	**4,154,497**	4,329,669
Investment properties	**14,094,260**	11,686,175
Properties under development	**30,414,608**	29,687,144
Completed properties held for sale	**319,335**	1,472,747
Restricted cash	**9,708,419**	817,000
Equity interests in subsidiaries	**1,096,002**	3,059,000
	60,484,785	51,856,372

The majority of unsecured bank borrowings and other borrowings are supported by guarantees issued by the Company or certain subsidiaries of the Group. Details are as follows:

	2016	2015
Guarantors		
The Company	**3,998,000**	6,641,200
Subsidiaries	**1,303,550**	1,561,096
	5,301,550	8,202,296

27. DEFERRED INCOME TAX

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

	2016	2015
Deferred tax assets:		
— To be recovered after 12 months	3,708,912	2,917,625
— To be recovered within 12 months	544,949	377,561
	4,253,861	3,295,186
Deferred tax liabilities:		
— To be recovered after 12 months	(4,549,342)	(3,415,642)
— To be recovered within 12 months	(381,550)	(520,305)
	(4,930,892)	(3,935,947)
Deferred tax liabilities — net	(677,031)	(640,761)

The gross movements on the deferred income tax account are as follows:

	2016	2015
At 1 January	(640,761)	(351,144)
Income statement credits/(charges)	256,988	(281,267)
Tax charges relating to components of other comprehensive income	(16,247)	(5,833)
Acquisition of subsidiaries	(275,034)	—
Currency translation differences	(1,977)	(2,517)
At 31 December	(677,031)	(640,761)

(All amounts in RMB Yuan thousands unless otherwise stated)

27. DEFERRED INCOME TAX (Continued)

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

Deferred tax liabilities:

	Timing difference in sales recognition and related cost of sales	Fair values of investment properties over the tax bases	Revaluation gains arising from business combinations	Revaluation of available-for-sale financial assets	Interest capitalisation and others	Total
At 1 January 2015	591,065	3,161,182	100,488	95,622	249,690	4,198,047
(Credited)/charged to the income statement	(70,760)	250,954	(1,009)	—	205,790	384,975
Charged to other comprehensive income	—	—	—	5,833	—	5,833
At 31 December 2015	520,305	3,412,136	99,479	101,455	455,480	4,588,855
(Credited)/charged to the income statement	(138,755)	445,164	(4,810)	—	254,738	556,337
Acquisition of subsidiaries	—	176,928	185,799	—	—	362,727
Charged to other comprehensive income	—	—	—	16,247	—	16,247
At 31 December 2016	381,550	4,034,228	280,468	117,702	710,218	5,524,166

Deferred tax assets:

	Accruals and others	Tax losses	Unrealised profit on intra-group transactions	Total
At 1 January 2015	2,767,658	716,480	362,765	3,846,903
(Charged)/credited to the income statement	(254,293)	288,716	69,285	103,708
Currency translation differences	—	(2,517)	—	(2,517)
At 31 December 2015	2,513,365	1,002,679	432,050	3,948,094
Credited to the income statement	352,833	382,168	78,364	813,325
Acquisition of subsidiaries	—	87,693	—	87,693
Currency translation differences	—	(1,977)	—	(1,977)
At 31 December 2016	2,866,198	1,470,523	510,414	4,847,135

27. DEFERRED INCOME TAX (Continued)

Deferred tax assets: (Continued)

As at 31 December 2016, deferred income tax assets of RMB593,274,000 were offset against deferred tax liabilities within the same tax jurisdictions (31 December 2015: RMB652,908,000).

28. CURRENT INCOME TAX LIABILITIES

	2016	2015
Land appreciation tax liabilities	**9,716,349**	8,663,294
Income tax liabilities	**2,577,682**	2,342,090
	12,294,031	11,005,384

29. OTHER INCOME

	2016	2015
Interest income	**194,894**	143,043
Other operating income	**116,462**	133,713
Dividends received on available-for-sale financial assets	**17,631**	4,332
	328,987	281,088

30. OTHER GAINS — NET

	2016	2015
Fair value gains on investment properties — net	**1,740,812**	1,105,652
Gains on disposals of intangible assets	**90,107**	79,784
Gains on disposals of property, plant and equipment	**24,175**	7,126
Losses on disposals of investment properties	**—**	(12,528)
Others	**73,125**	56,970
	1,928,219	1,237,004

(All amounts in RMB Yuan thousands unless otherwise stated)

31. EXPENSES BY NATURE

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

	2016	2015
Cost of completed properties sold	36,177,776	27,085,715
Business taxes and other levies	1,957,687	2,686,859
Employee benefit expenses	1,538,257	1,426,117
Depreciation	498,490	369,273
Advertising costs	252,256	143,725
Amortisation of land use rights and intangible assets	123,468	84,236
Office expenses	142,005	154,245
Operating lease payments	22,597	16,427
Allowance for doubtful debts	23,920	28,992
Auditors' remuneration	7,522	6,739
— Audit services	6,570	6,204
— Non-audit services	952	535
Others	1,787,846	1,387,754
	42,531,824	33,390,082

32. EMPLOYEE BENEFIT EXPENSES

	2016	2015
Wages and salaries	1,204,953	1,103,464
Retirement scheme contributions	243,985	247,094
Other allowances and benefits	89,319	75,559
	1,538,257	1,426,117

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year do not include any director (2015: Nil) whose emoluments are reflected in the analysis shown in Note 43. The emoluments payable to the five (2015: five) individuals during the year are as follows:

	2016	2015
Wages and salaries, housing allowances, other allowances and benefits in kind	138,194	65,275

32. EMPLOYEE BENEFIT EXPENSES (Continued)

(a) Five highest paid individuals (Continued)

The emoluments fell within the following bands:

	Number of individuals	
	2016	2015
Emolument bands		
HKD14,500,001 to HKD15,000,000	—	1
HKD15,000,001 to HKD15,500,000	—	2
HKD16,000,001 to HKD16,500,000	—	1
HKD17,500,001 to HKD18,000,000	**1**	—
HKD19,500,001 to HKD20,000,000	—	1
HKD22,000,001 to HKD22,500,000	**1**	—
HKD22,500,001 to HKD23,000,000	**1**	—
HKD36,500,001 to HKD37,000,000	**1**	—
HKD61,500,001 to HKD62,000,000	**1**	—

33. FINANCE COSTS

	2016	2015
Interest expenses:		
— bank borrowings	**2,278,361**	2,580,355
— domestic bonds	**1,637,428**	157,724
— senior notes	**1,117,780**	1,178,648
— other borrowings	**1,585,401**	2,097,085
— finance lease liabilities	**6,867**	5,409
	6,625,837	6,019,221
Accrued early redemption premium for senior notes (Note 41(a))	**476,918**	—
Net foreign exchange losses	**613,794**	1,210,521
Less: finance costs capitalised	**(5,349,504)**	(5,075,747)
	2,367,045	2,153,995

(All amounts in RMB Yuan thousands unless otherwise stated)

34. INCOME TAX EXPENSES

	2016	2015
Current income tax		
— PRC enterprise income tax (Note (b))	**2,833,727**	2,062,492
Deferred income tax	**(256,988)**	281,267
	2,576,739	2,343,759
Current PRC land appreciation tax (Note (c))	**2,236,084**	2,533,470
Total income tax expenses (Note (d))	**4,812,823**	4,877,229

(a) Hong Kong profits tax

No Hong Kong profits tax has been provided as the Group did not have estimated assessable profit for the year (2015: Nil).

(b) PRC enterprise income tax

The PRC enterprise income tax is computed according to the relevant laws and regulations in the PRC.

In respect of the applicable income tax rates for the year ended 31 December 2016, except for certain companies in the Group which were taxed at 2%–3% (2015: 2%-3%) on their revenue, other businesses within the Group were primarily taxed at 25% (2015: 25%) on their profits.

(c) PRC land appreciation tax

Certain PRC subsidiaries are also subject to the PRC land appreciation tax which is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including costs of land use rights and development and construction expenditures.

34. INCOME TAX EXPENSES (Continued)

(d) The tax on the Group's profit before tax differs from the theoretical amount that would have arisen using the weighted average tax rate applicable to profits of the consolidated companies due to the following:

	2016	2015
Profit before income tax	11,868,840	11,589,501
Less: land appreciation tax	(2,236,084)	(2,533,470)
	9,632,756	9,056,031
Calculated at tax rate of 25% (2015: 25%)	2,408,189	2,264,008
Effects of:		
— Different income tax rates of certain companies	3,830	(8,902)
— Share of results of joint ventures and associates	(195,041)	(331,141)
— Expenses and development costs not deductible for tax purposes	502,186	516,683
— Others	(142,425)	(96,889)
PRC enterprise income tax	2,576,739	2,343,759
Land appreciation tax	2,236,084	2,533,470
Tax charge	4,812,823	4,877,229

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

	2016			2015		
	Before tax	Tax charges	After tax	Before tax	Tax charges	After tax
Fair value gains of available-for-sale financial assets	64,990	(16,247)	48,743	23,331	(5,833)	17,498

35. BASIC AND DILUTED EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year less shares held for Share Award Scheme.

	2016	2015
Profit attributable to owners of the Company	**6,755,908**	5,615,795
Weighted average number of ordinary shares in issue less shares held for Share Award Scheme (thousands)	**3,217,624**	3,204,546
Earnings per share (RMB per share)	**2.0997**	1.7524

There were no potential dilutive ordinary shares as at 31 December 2016 and 2015.

36. DIVIDENDS

The dividends declared in 2016 were RMB3,866,840,000 (2015: RMB966,710,000). A dividend in respect of the year ended 31 December 2016 of RMB0.70 per ordinary share, amounting to a total dividend of RMB2,255,657,000, is to be proposed at the annual general meeting on 19 May 2017. These financial statements do not reflect this dividend payable.

	2016	2015
Interim dividend declared of RMB0.30 (2015: RMB0.30) per ordinary share	**966,710**	966,710
Less: Dividends for shares held for Share Award Scheme	**—**	(5,280)
	966,710	961,430
Proposed final dividend of RMB0.70 (2015: RMB0.90) per ordinary share	**2,255,657**	2,900,130
Less: Dividends for shares held for Share Award Scheme	**—**	(13,291)
	2,255,657	2,886,839
	3,222,367	3,848,269

37. CASH GENERATED FROM OPERATIONS

	2016	2015
Profit for the year	**7,056,017**	6,712,272
Adjustments for:		
— Capitalised finance costs included in costs of sales	**3,180,202**	2,101,856
— Taxes	**4,812,823**	4,877,229
— Interest income	**(194,894)**	(143,043)
— Finance costs	**2,367,045**	2,153,995
— Depreciation	**498,490**	369,273
— Amortisation of land use rights and intangible assets	**123,468**	84,236
— Gains on disposals of property, plant and equipment	**(24,175)**	(7,126)
— Losses on disposals of investment properties	**—**	12,528
— Gains on disposals of intangible assets	**(90,107)**	(79,784)
— Share of results of joint ventures	**(844,493)**	(1,343,455)
— Share of results of associates	**(438)**	18,451
— Fair value gains on investment properties	**(1,740,812)**	(1,105,652)
— Dividend income from available-for-sale financial assets	**(17,631)**	(4,332)
— Elimination of unrealised profits	**3,732**	2,219
Operating profit before changes in working capital	**15,129,227**	13,648,667
Changes in working capital:		
— Properties under development and completed properties held for sale	**(1,165,233)**	(211,460)
— Trade receivables	**(2,324,003)**	(85,001)
— Other receivables, deposits and prepayments	**(5,404,477)**	(2,427,380)
— Restricted cash	**(2,040,905)**	250,549
— Deposits received on sale of properties	**1,139,142**	(818,057)
— Accruals and other payables	**371,501**	(784,745)
Cash generated from operations	**5,705,252**	9,572,573

(All amounts in RMB Yuan thousands unless otherwise stated)

38. FINANCIAL GUARANTEE CONTRACTS

The face values of the financial guarantees issued by the Group as at 31 December 2016 are analysed as follows:

	2016	2015
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties (Note (a))	**33,406,812**	23,530,047
Guarantees in respect of borrowings of joint ventures and associates (Note (b))	**5,514,356**	3,453,045
	38,921,168	26,983,092

Note:

(a) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to the banks over the repayment obligations of the purchasers. Such guarantees terminate upon the earlier of (i) issuance of the certificate of real estate ownership which will generally be available within an average period of 25 months upon the completion of guarantee registration; or (ii) completion of mortgage registration.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the date of grant of the relevant mortgage loans and ends when the certificate of real estate ownership for the mortgage is issued and submitted to the banks. The directors consider that the fair value of these contracts at date of inception was minimal and in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the financial statements for the guarantees.

(b) The balance represents the maximum exposure of the guarantees provided for joint ventures and associates for their borrowings.

39. COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at the end of the year but not yet incurred is as follows:

	2016	2015
Contracted but not provided for		
Properties development activities	**6,502,044**	10,506,112
Acquisition of land use rights	**12,200,006**	12,676,645
Additional capital injection into an associate	**280,000**	—
	18,982,050	23,182,757

39. COMMITMENTS (Continued)

(b) Operating lease commitments

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

	2016	2015
No later than one year	**27,841**	33,040
Later than one year and no later than five years	**42,414**	41,454
Later than five years	**47,938**	53,538
	118,193	128,032

40. SIGNIFICANT RELATED-PARTY TRANSACTIONS

The major shareholders of the Group include Mr. Li Sze Lim and Mr. Zhang Li, who own 33.52% and 32.02%, respectively, of the Company's shares.

Transactions are based on the price lists in force and terms that would be available to third parties. The following transactions were carried out with related parties:

i) Key management compensation

	2016	2015
Salaries and welfare benefits	**73,368**	42,975

ii) Provision of lease of properties

	2016	2015
Common shareholders:		
廣州金貝殼投資有限公司	**209**	1,499
A joint venture:		
廣州富景	**33**	70
	242	1,569

(All amounts in RMB Yuan thousands unless otherwise stated)

40. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

iii) Drinking water system charges

	2016	2015
Common shareholders:		
廣州越富環保科技有限公司	**6,513**	48

iv) Provision of property management services

	2016	2015
Joint ventures:		
津南新城	**18,588**	5,099
貴州大西南	**6,953**	—
廣州富景	**—**	3,650
	25,541	8,749

v) Provision of decoration, design and construction services

	2016	2015
Joint ventures:		
廣州富景	**188,052**	162,387
貴州大西南	**23,537**	24,280
森華房地產	**11,928**	1,755
津南新城	**10,902**	14,915
廣西富雅	**2,337**	712
上海悦城	**960**	—
	237,716	204,049

40. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

vi) Purchase of installation services

	2016	2015
Controlled by an immediate family member of the major shareholder:		
廣州鉅融機電工程有限公司	**28,925**	6,429

vii) Acquisition of a subsidiary

On 5 February 2016, the Group completed an acquisition of 100% equity interests in Golden Swan from Mr. Li Sze Lim and Mr. Zhang Li at a consideration of RMB530,000,000. Details are disclosed in Note 6.

viii) Provision of guarantees for borrowings

The Group and other shareholders have jointly provided guarantees for certain borrowings granted to the Group's joint ventures and associates for project development purposes. As at 31 December 2016, the Group's guarantees for borrowings provided to its joint ventures and associates are shown as follows:

(a) *Bank borrowings*

	2016	2015
Joint ventures:		
津南新城	**1,125,000**	128,558
廣州富景	**589,004**	—
上海悦城	**475,000**	—
廣西富雅	**120,000**	49,900
森華房地產	**108,600**	199,600
騰順投資	**50,000**	—
貴州大西南	**48,000**	120,000
Charm Talent	**—**	424,136
	2,515,604	922,194
Associates:		
河南建業	**405,000**	—
廣州利合	**119,920**	471,900
	524,920	471,900
	3,040,524	1,394,094

(All amounts in RMB Yuan thousands unless otherwise stated)

40. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

viii) Provision of guarantees for borrowings (Continued)

(b) *Other borrowings*

	2016	2015
A joint venture:		
上海悅城	—	300,000
Associates:		
廣州利合	**896,000**	1,310,000
河南建業	**634,500**	225,000
	1,530,500	1,535,000
	1,530,500	1,835,000

40. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

ix) Balances with related parties

As at 31 December 2016, the Group had the following significant balances with related parties:

	2016	2015
Due from:		
Joint ventures		
— Non-trade balances		
騰順投資(Note (a))	**401,128**	153,146
貴州大西南(Note (b))	**350,734**	241,234
Hines Shanghai (Note (b))	**187,957**	170,330
Accord Wing	**103,181**	—
廣西富雅	**10,003**	3
津南新城	**—**	1,173,176
	1,053,003	1,737,889
Associates		
— Non-trade balances		
廣州利合(Note (a))	**42,281**	2,439,377
河南建業	**—**	107,996
	42,281	2,547,373
	1,095,284	4,285,262
Due to:		
Joint ventures		
— Non-trade balances		
上海悦城	**1,372,237**	1,119,637
廣州富景	**416,512**	442,062
森華房地產	**389,000**	239,000
津南新城	**91,825**	—
北京盛興天和	**77,576**	—
Accord Wing	**—**	231,454
	2,347,150	2,032,153
An associate		
— Non-trade balances		
河南建業	**414,142**	—
	2,761,292	2,032,153

40. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

ix) Balances with related parties (Continued)

The non-trade balances with related parties are interest free, unsecured and have no fixed repayment terms. No provisions are held against receivables from related parties (2015:Nil).

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

(b) It represents payments for land use rights construction costs and repayments for bank borrowings paid by the Group on behalf of the joint ventures.

41. EVENTS AFTER THE REPORTING PERIOD

(a) Early redemption of senior notes

On 10 January 2017, Trillion Chance redeemed the 2014 Notes in full at a redemption price equal to 104.250% of the principal amount of the 2014 Notes outstanding thereof which amounted to RMB7,217,645,000 plus the accrued and unpaid interest of RMB294,245,000 as of 10 January 2017.

On 24 January 2017, Caifu redeemed the 2013 Notes in full at a redemption price equal to 104.375% of the principal amount of the 2013 Notes outstanding thereof which amounted to RMB4,279,229,000 plus the accrued and unpaid interest of RMB177,661,000 as of 24 January 2017.

(b) Borrowings

On 13 January 2017, a subsidiary of the Group, Easy Tactic issued 5.75% senior notes due 13 January 2022 in the aggregate principal amount of USD265,000,000 (equivalent to approximately RMB1,826,089,000) with the issue price 99.146% of the principal amount (the "2017 Original Notes").

On 20 January 2017, Easy Tactic further issued 5.75% senior notes due 13 January 2022 in the aggregate principal amount of USD460,000,000 (equivalent to approximately RMB3,154,312,000) with the issue price 99.146% of the principal amount, plus accrued interest from (and including) 13 January 2017 to (but excluding) 20 January 2017 (the "2017 Additional Notes" and, together with the 2017 Original Notes, the "2017 Notes"). The net proceeds of the 2017 Notes, after deducting the transaction costs, amounted to RMB4,944,337,000.

42. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company

		As at 31 December 2016	As at 31 December 2015 (Restated) (NOTE 2.1.1(a))	As at 1 January 2015 (Restated) (NOTE 2.1.1(a))
ASSETS				
Non-current assets				
Land use rights		**107,382**	118,816	94,930
Property, plant and equipment		**1,435,661**	1,418,961	1,049,989
Investment properties		**142,644**	140,323	137,220
Intangible assets		**58,414**	53,803	41,874
Investments in subsidiaries		**20,388,322**	19,311,654	18,412,679
Interests in joint ventures		**3,637,426**	2,815,987	1,685,688
Interests in associates		**2,535**	7,614	35,153
Deferred income tax assets		**157,712**	71,231	89,347
Available-for-sale financial assets		**583,550**	564,590	460,477
Trade and other receivables and prepayments		**—**	3,199,382	2,534,373
		26,513,646	27,702,361	24,541,730
Current assets				
Properties under development		**1,134,049**	2,266,686	5,203,901
Completed properties held for sale		**2,676,403**	3,004,699	1,525,644
Trade and other receivables and prepayments		**52,975,831**	14,135,495	7,870,746
Tax prepayments		**5,562**	85,515	154,447
Restricted cash		**12,439,600**	919,792	898,319
Cash and cash equivalents		**3,418,851**	1,365,762	597,861
		72,650,296	21,777,949	16,250,918
Total assets		**99,163,942**	49,480,310	40,792,648
EQUITY				
Equity attributable to owners of the Company				
Share capital		**805,592**	805,592	805,592
Other reserves	Note (a)	**4,618,000**	4,559,210	4,533,012
Shares held for Share Award Scheme		**—**	(88,947)	(128,711)
Retained earnings	Note (a)	**4,930,843**	5,219,618	4,135,566
Total equity		**10,354,435**	10,495,473	9,345,459
LIABILITIES				
Non-current liabilities				
Long-term borrowings		**53,555,974**	12,709,019	5,963,300
Accruals and other payables		**—**	—	171,222
		53,555,974	12,709,019	6,134,522
Current liabilities				
Accruals and other payables		**32,818,607**	20,824,009	20,919,481
Deposits received on sale of properties		**—**	1,014,121	1,603,608
Current income tax liabilities		**896,596**	1,114,888	895,808
Short-term borrowings		**833,330**	—	—
Current portion of long-term borrowings		**705,000**	3,322,800	1,893,770
		35,253,533	26,275,818	25,312,667
Total liabilities		**88,809,507**	38,984,837	31,447,189
Total equity and liabilities		**99,163,942**	49,480,310	40,792,648

(All amounts in RMB Yuan thousands unless otherwise stated)

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

Balance sheet of the Company (Continued)

The balance sheet of the Company was approved by the Board of Directors on 10 March 2017 and was signed on its behalf.

Li Sze Lim	**Zhang Li**
Director	Director

(a) Reserve movement of the Company

	Retained earnings	Other reserves
Balance as at 1 January 2015 as previously presented	3,688,938	4,533,012
Effect of changes in accounting policies (Note 2.1.1(a))	446,628	—
Balance as at 1 January 2015 as restated	4,135,566	4,533,012
Profit for the year	2,045,482	—
Fair value gains on available-for-sale financial assets, net of tax	—	13,336
Disposals of shares held for Share Award Scheme	—	12,862
Dividends for the year	(961,430)	—
Balance as at 31 December 2015 as restated	5,219,618	4,559,210
Balance as at 31 December 2015 as previously presented	3,677,092	4,559,210
Effect of changes in accounting policies (Note 2.1.1(a))	1,542,526	—
Balance as at 1 January 2016 as restated	**5,219,618**	**4,559,210**
Profit for the year	**3,578,065**	—
Fair value gains on available-for-sale financial assets, net of tax	—	**14,220**
Disposals of shares held for Share Award Scheme	—	**44,570**
Dividends for the year	**(3,866,840)**	—
Balance as at 31 December 2016	**4,930,843**	**4,618,000**

43. BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS

(a) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive is set out below:

For the year ended 31 December 2016:

Name of Director	Salary and other benefits (Note (ii))	Employer's contribution to a retirement benefit scheme	Total
Executive Directors			
Mr. Li Sze Lim	**4,330**	**5**	**4,335**
Mr. Zhang Li (Note (i))	**4,330**	**5**	**4,335**
Mr. Zhou Yaonan	**6,609**	**—**	**6,609**
Mr. Lu Jing	**3,655**	**—**	**3,655**
Non-executive Directors			
Ms. Zhang Lin	**422**	**—**	**422**
Ms. Li Helen	**422**	**—**	**422**
Independent non-executive Directors			
Mr. Ng Yau Wah Daniel	**319**	**—**	**319**
Mr. Lai Ming Joseph	**339**	**—**	**339**
Mr. Zheng Ercheng	**319**	**—**	**319**

For the year ended 31 December 2015:

Name of Director	Salary and other benefits (Note (ii))
Executive Directors	
Mr. Li Sze Lim	3,336
Mr. Zhang Li (Note (i))	3,336
Mr. Zhou Yaonan	3,836
Mr. Lu Jing	3,379
Non-executive Directors	
Ms. Zhang Lin	377
Ms. Li Helen	377
Independent non-executive Directors	
Mr. Huang Kaiwen (retired on 30 May 2015)	149
Mr. Ng Yau Wah Daniel (appointed on 30 May 2015)	175
Mr. Lai Ming Joseph	299
Mr. Zheng Ercheng	299

(All amounts in RMB Yuan thousands unless otherwise stated)

43. BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS (Continued)

(b) Supervisors' emoluments

The remuneration of every Supervisor for the year ended 31 December 2016 is set out below:

Name of Supervisor	Salary
Mr. Chen Liangnuan	72
Ms. Liang Yingmei	72
Mr. Zhao Xianglin	66

The remuneration of every Supervisor for the year ended 31 December 2015 is set out below:

Name of Supervisor	Salary
Mr. Chen Liangnuan	72
Ms. Liang Yingmei	72
Mr. Zhao Xianglin	66

Note:

(i) Mr. Zhang Li is also the Chief Executive of the Company.

(ii) Other benefits mainly include welfare and transportation expenses.

(iii) During 2016, no directors waived or has agreed to waive any emoluments (2015: Nil).

(iv) During the year, no emolument was paid by the Group to any of the above directors as an inducement to join or upon joining the Group or as compensation for loss of office (2015: Nil).

(c) Directors' retirement benefits and termination benefits

Save for those disclosed in Note 43(a), none of the directors received or will receive any other retirement benefits or termination benefits for the year ended 31 December 2016.

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

For the year ended 31 December 2016, the Group did not pay consideration to any third parties for making available directors' services.

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

As at 31 December 2016, there is no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and connected entities with such directors.

(f) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

(All amounts in RMB Yuan thousands unless otherwise stated)

RECONCILIATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Group has prepared a separate set of consolidated financial statements for the period ended 31 December 2016 in accordance with China Accounting Standards for Business Enterprises ("CAS"). The differences between the consolidated financial statements prepared under CAS and HKFRS are summarised as follows:

	Profit for the period ended 31 December		Total equity as At 31 December	
	2016	2015	**2016**	2015
As stated in accordance with CAS	**7,066,460**	6,731,656	**46,803,577**	49,174,319
Impact of HKFRS adjustments:				
1. Amortisation of revaluation gain arising from business combinations	**(13,920)**	(4,036)	**43,495**	57,415
2. Deferred taxation	**3,477**	(15,348)	**(10,875)**	(14,354)
As stated in accordance with HKFRS	**7,056,017**	6,712,272	**46,836,197**	49,217,380

Notes:

1. The Group adopted SSAP27 "Accounting for Group Reconstructions" for acquisition of certain subsidiaries before the issuance of Accounting Guideline 5 "Merger Accounting for Common Control Combinations" in November 2005. As the acquisitions did not meet the conditions for using merger accounting under SSAP 27, which prevented the use of predecessor costs when non-controlling interests or rights of the ultimate shareholder have changed, the Group adopted purchase method to account for the acquisitions.

2. It refers to the effects of deferred tax arising from the above adjustments and recognition of deferred tax due to tax rate difference.

Five-Year Financial Summary

(All amounts in RMB Yuan thousands)

CONSOLIDATED BALANCE SHEET (AS AT 31 DECEMBER)

	2016	2015	2014	2013	2012
Non-current assets	**48,033,848**	44,573,266	39,659,133	33,781,882	29,104,301
Current assets	**178,377,631**	139,159,665	132,181,140	106,565,240	69,482,909
Total assets	**226,411,479**	183,732,931	171,840,273	140,347,122	98,587,210
Non-current liabilities	**92,101,058**	53,695,345	49,003,732	47,538,473	31,200,661
Current liabilities	**87,474,224**	80,820,206	70,690,979	59,326,606	40,556,675
Total liabilities	**179,575,282**	134,515,551	119,694,711	106,865,079	71,757,336
Total equity	**46,836,197**	49,217,380	52,145,562	33,482,043	26,829,874

CONSOLIDATED INCOME STATEMENT (YEAR ENDED 31 DECEMBER)

	2016	2015	2014	2013	2012
Revenue	**53,730,339**	44,290,924	34,705,410	36,271,284	30,365,056
Cost of sales	**(38,543,599)**	(30,083,853)	(22,391,431)	(22,036,298)	(17,986,776)
Gross profit	**15,186,740**	14,207,071	12,313,979	14,234,986	12,378,280
Other income and other gains — net	**2,257,206**	1,518,092	2,030,304	2,728,953	825,859
Selling and marketing costs	**(1,315,362)**	(896,657)	(896,059)	(626,089)	(454,006)
Administrative expenses	**(2,672,863)**	(2,409,572)	(2,220,501)	(1,838,631)	(1,522,400)
Operating profit	**13,455,721**	12,418,934	11,227,723	14,499,219	11,227,733
Finance costs	**(2,367,045)**	(2,153,995)	(1,215,921)	(1,933,742)	(1,501,609)
Share of results of joint ventures	**844,493**	1,343,455	169,789	357,253	402,974
Share of results of associates	**(64,329)**	(18,893)	(25,205)	(50,901)	(87,333)
Profit before income tax	**11,868,840**	11,589,501	10,156,386	12,871,829	10,041,765
Income tax expense	**(4,812,823)**	(4,877,229)	(3,649,997)	(5,226,181)	(4,382,415)
Profit for the year	**7,056,017**	6,712,272	6,506,389	7,645,648	5,659,350
Attributable to:					
Owners of the Company	**6,755,908**	5,615,795	5,220,606	7,633,860	5,501,979
Holders of perpetual capital instruments	**273,943**	1,105,249	1,331,328	—	—
Non-controlling interest	**26,166**	(8,772)	(45,542)	11,788	157,371

Property	The Group's Interest (%)	Location	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted GFA held by the Group (sq.m.)	Expected Date of Completion
Properties for sale (under-development)							
China							
Guangzhou							
R&F Jingang City (Jingu Industrial Park)	100%	Modern Avenue, Huadong Town, Huadu District	Residential & Retail	1,119,211	554,722	554,722	Pending
R&F Jinyu Garden (Jinshazhou Project)	100%	Zone F, Jinsha Zhou, Baiyun District	Residential	101,355	47,998	47,998	2017
Jingang City Huawei Co. Project	100%	Modern Avenue, Huadong Town, Huadu District	Industrial & Storage	142,571	187,299	187,299	Pending
R&F Tianhaiwan (Nansha Senhua Project)	50%	West Industrial Zone, Nansha District	Residential	83,222	63,337	31,669	2017
R&F Peninsula No. 1 (Xingangdong Project)	100%	No. 27 Xingangdong Road, Haizhu District	Residential	16,235	32,926	32,926	2018
R&F Vanke Yunqi (Chebeibei Project)	75%	Wenming Road, Chebei Village, Dongpu Town, Tianhe District	Residential	13,200	50,056	37,542	2017
Guangfa Securities Project	40%	M1-5 Land, Pearl River New Town, Tianhe District	Office	6,463	156,510	62,604	2017
R&F Yuexi	100%	Guangyuan East Road, Luogang District	Residential	36,579	152,655	152,655	Pending
Foshan							
R&F Plaza	100%	Renminqiao East, Chancheng District	Residential & Retail	51,304	125,749	125,749	Pending
R&F Jiangwan Prosperous Palace (Jiujiang Baobang Project)	100%	Xiaxi Village, Jiujiang Town, Nanhai District	Residential	18,648	85,876	85,876	Pending
Zhuhai							
R&F Center (Hengqin Project)	100%	Fubang Road East, Hengqin District	Office & Retail	11,466	134,621	134,621	2017
Huizhou							
R&F Hot Spring Valley (excluding Hilton Huizhou Longmen Resort)	100%	Maqiao Reshui Village, Yonghan Town, Longmen County	Residential & Retail	1,630,681	944,674	944,674	Pending
R&F Bay Shore	100%	Dapu Tun, Renshan Town, Huidong County	Residential & Retail	1,318,673	1,753,594	1,753,594	Pending
R&F Modern Plaza	100%	Huibo Yan Jiang Exit, Luoyang Town, Boluo County	Residential & Retail	79,167	81,827	81,827	2017
Meizhou							
R&F City	100%	Meixian New Town	Residential & Retail	830,469	1,595,246	1,595,246	Pending
Hainan							
R&F Bay Shore (excluding Marriot Hotel)	100%	Zone B, Xiangshui Bay, Lingshui Town, Sanya	Residential & Retail	1,702,993	487,503	487,503	Pending
R&F Mangrove Bay (excluding Hilton Hotel)	100%	Sanlin Exit, Huandao West Line High-way, Chengmai Town	Residential & Retail	4,352,042	2,089,057	2,089,057	Pending
R&F Moon Bay Shore	100%	Moon Bay, Changli Town, Wenchang	Residential & Retail	277,160	69,363	69,363	2017 & 2018
R&F International Health City (Lingao Project)	100%	Linlan Bay, Haikou	Residential & Retail	586,240	531,920	531,920	Pending

Property List

Property	The Group's Interest (%)	Location	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted GFA held by the Group (sq.m.)	Expected Date of Completion
Changsha and vicinity							
Xiangjiang R&F City (Xiangtanjiuhua Project)	100%	Jiuhua District, Xiangtan	Residential & Retail	1,325,817	3,365,770	3,365,770	Pending
Fuzhou and vicinity							
R&F Center (Taijiang District Project)	100%	Taijiang District	Office	69,817	207,519	207,519	Pending
R&F City (Jinshui Hu Project)	100%	Jinshui Hu	Residential, Hotel & Retail	147,631	262,065	262,065	Pending
Putian R&F Shangyue Court	100%	Yingbin Avenue, Licheng District, Putian City	Residential, Retail & Apartment	132,000	563,600	563,600	Pending
Nanning							
Fuya Business Park (Wuxiangxin District Project)	50%	Wuxiangxin District	Residential	78,721	588,661	294,331	Pending
Chongqing							
R&F City (excluding Holiday Inn Chongqing University Town)	100%	Xiyong Unit, Shaping Ba District	Residential & Retail	1,981,995	4,139,149	4,139,149	Pending
R&F Nanshan Mansion	100%	No. 99 Nanshan Road, Nanan District	Residential & Retail	79,583	30,978	30,978	Pending
R&F Bay Shore (Yubei Project)	100%	Yubei District	Residential & Retail	173,630	377,084	377,084	Pending
Chengdu							
R&F Peach Garden (Xindu Project)	100%	South of Zhenhai Du Road West, Xindu Town	Residential	186,650	169,486	169,486	Pending
Guiyang							
R&F Center (Chengxin Road Project)	60%	Chengxin Road	Office & Apartment	99,272	111,416	66,850	Pending
Shanghai and vicinity							
R&F Jiayuwan (Xinjiangwan Project)	50%	New Jiangwan Town, Yangpu District	Residential, Retail, Office & Hotel	142,664	75,132	37,566	2017
R&F Hongqiao No. 10	100%	No. 5 & 6 Land, Hongqiao District	Residential, Office & Retail	106,318	275,980	275,980	2017
Shanghai Hongqiao CBD (excluding The Ritz-Carlton and AC Hotels)	100%	Shanghai Hongqiao CBD Pharse One	Retail & Office	46,095	195,783	195,783	Pending
Nanjing and vicinity							
R&F City	100%	Qilin Science & Technology Parks, Jiangning District	Residential, Office & Hotel	571,864	150,761	150,761	2017
R&F Shangyue Court (Banqiao Project)	100%	Banqiao Street, Yuhua District	Residential & Retail	105,021	65,124	65,124	2017
Chuzhou R&F Wuyi Water Town	100%	Nanqiao New Town, Chuzhou City	Residential & Retail	385,387	770,774	770,774	Pending
Hangzhou and vicinity							
R&F Xinxian Park (land No. 19)	100%	Future Technology City, Yuhang District	Residential	26,670	109,369	109,369	Pending
R&F No. 10	100%	No. 63 & 64 Land, Yuhang District	Residential & Retail	58,280	51,627	51,627	2017
Huzhou R&F City	100%	Wuxing District, Huzhou	Residential, Retail & Apartment	197,762	447,185	447,185	Pending

Property	The Group's Interest (%)	Location	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted GFA held by the Group (sq.m.)	Expected Date of Completion
Ningbo							
R&F Cambridage Court (Ningda North Project)	100%	Fenghua Road	Residential, Apartment & Office	101,163	365,437	365,437	Pending
Wuxi and vicinity							
R&F No. 10	100%	Taihu New Town	Residential & Retail	111,261	110,817	110,817	Pending
R&F City	100%	Wuxi New District	Residential & Retail	235,669	359,187	359,187	Pending
R&F Peach Garden (Wuxi New District Project)	100%	Wuxi New District	Residential & Retail	53,178	114,042	114,042	Pending
Beijing and vicinity							
Tongzhou R&F Center	100%	Core Area, Tongzhou District	Office & Apartment	69,796	494,338	494,338	Pending
R&F New Town	100%	East of Daxiang High-way, Jiangxin Tun Town, Xianghe County, Langfang City	Residential	932,994	1,008,765	1,008,765	Pending
Tianjin							
R&F Jinmen Lake (Meijiangwan Project)	100%	West of Youyi Nan Road, Hexi District	Residential	930,932	192,048	192,048	Pending
R&F Guangdong Building (Tanggu Project)	100%	South of Tuochang Road, West of Binhe Xi Road, Tanggu District	Office & Retail	23,070	398,149	398,149	2018
Jinnan New Town	25%	Xianshui Gu Town, Jinnan District	Residential, Retail, Office & Hotel	1,289,227	2,207,196	551,799	Pending
R&F New Town (Tuanbo Lake Project)	100%	Tuanbo Town, Jingan County	Residential & Retail	1,781,702	2,589,326	2,589,326	Pending
R&F Shangyue Court (Wuqing Project)	100%	Wuqing District	Residential & Retail	119,493	45,399	45,399	2017
Xian							
R&F Bailuwan Project	100%	Fangzhi New Town, Baqiao District	Residential & Retail	139,375	325,376	325,376	2017
Taiyuan							
R&F City	100%	No. 3 Jinan East Street, Xinhua Ling District	Residential & Retail	1,056,200	440,127	440,127	Pending
R&F Prosperous Palace	100%	No. 9 Jiefang Road North	Residential & Retail	237,601	771,951	771,951	Pending
R&F Xiyue Court (Wufuying Project)	90%	Wufuying Village, Jinyuan District	Residential & Retail	54,660	26,827	24,144	2017
R&F Hill (Mengshan Project)	100%	Jinyuan District	Residential & Retail	281,806	339,000	339,000	Pending
R&F Shangyue Court (Longcheng South Project)	100%	Longcheng South Road	Residential	37,716	162,764	162,764	Pending
Datong							
R&F City	100%	South of Yunzhou Street	Residential & Retail	708,112	1,885,009	1,885,009	Pending
Harbin							
R&F Jiangwan New Town	100%	Youyi West Road, Daoli District	Residential, Retail & Hotel	120,574	591,465	591,465	Pending
R&F City	100%	Songbei District	Residential & Retail	399,198	736,377	736,377	Pending

Property List

Property	The Group's Interest (%)	Location	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted GFA held by the Group (sq.m.)	Expected Date of Completion
Shenyang							
R&F Royal Villa	100%	Huangshan Village, Taoxian Town, Dongling District	Residential	373,406	31,186	31,186	Pending
R&F Shangyue Court	100%	Oubo City, Dadong District	Residential & Retail	96,553	109,117	109,117	2017
Baotou							
R&F City	100%	Xindushi District	Residential, Office, Apartment & Retail	426,911	1,199,278	1,199,278	Pending
Zhengzhou							
Wulong New Town (Wulongkou Project)	45%	Wulongkou South Road, Zhongyuan District	Residential	94,158	734,273	330,423	Pending
R&F Jianye Shangyue Court (Huayuankou Project)	45%	Zhongzhou Avenue, Jinshui District	Residential & Retail	94,710	712,692	320,711	Pending
Malaysia							
Johor Bahru							
R&F Princess Cove	100%	Jorhor Bahru Malaysia	Residential, Office & Retail	400,000	2,570,000	2,570,000	Pending
Australia							
Brisbane							
Brisbane No. 1 (Codelia Street Project)	100%	1 Cordelia Street	Residential & Retail	4,583	91,634	91,634	penidng
Properties for sale (under planning)							
China							
Guangzhou							
Baogang Road Project	100%	No. 3 Baogang Road, Haizhu District	Residential & Retail	4,031	43,400	43,400	Pending
Shenzhen							
R&F Xintiandi (Xialilang Project)	65%	Xialilang Road, Longgang District	Office & Apartment	35,266	144,032	93,621	Pending
Bainikeng Project	65%	Pinghu Town, Longgang District	Residential	97,211	534,662	347,530	Pending
Zhuhai							
R&F International Innovation Park (Baoshui District Caishi Project)	67%	Baosheng Road, Baoshui District	Office, Apartment & Retail	51,530	201,783	135,195	Pending
Xiangzhou Hengxin Industry City Project	68%	South of Jiuzhou Road, Xiangzhou District	Residential, Apartment & Retail	16,813	172,958	117,958	Pending
Huizhou							
R&F Huilin Hot Spring Village (excluding Intercontinental Huizhou Resort)	100%	Hengli Town, Huicheng District	Villa	698,012	100,920	100,920	Pending
Fuzhou and vicinity							
Sanming Meilie District Project	100%	Meilie District, Sanming City	Residential	42,089	117,800	117,800	Pending

Property	The Group's Interest (%)	Location	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted GFA held by the Group (sq.m.)	Expected Date of Completion
Nanchang							
Xianghu New Town Project	100%	Wenshanyi Road, Nanchang Town	Residential	81,372	203,430	203,430	Pending
Hangzhou and vicinity							
Huzhou Hudong Project	100%	Hudong Road	Residential	111,384	215,736	215,736	Pending
Ningbo							
Zhenhai New Town Project	100%	Tongxin Road, Zhenhai New Town	Residential	65,054	123,603	123,603	Pending
Cicheng New District Project	100%	Cicheng New Town, Jiangbei Weixing City	Residential	118,853	294,122	294,122	Pending
Wuxi and vicinity							
R&F Yunhe No. 10 (Mingliya Project)	100%	Nanhu Road, Liangxi District	Residential, Retail & Hotel	123,392	407,204	407,204	Pending
Nantong Tonglv River Project	100%	South of Tonglv River, Nantong District	Residential & Retail	190,621	426,034	426,034	Pending
Shijiazhuang							
R&F City (Nandou Project)	100%	Yuhua District	Residential, Office & Retail	70,630	293,368	293,368	Pending
Qinhuangdao							
Beidai River Project	100%	West of Daihe Third Road	Residential	154,416	231,624	231,624	Pending
Tianjin							
Liulinwai Project	100%	Liulinwaihuan South Road	Residential & Retail	46,666	37,702	37,702	Pending
Yantai							
R&F Haiyuewan (Yuexiu Haibian Project)	100%	South of Baiyin River	Residential	100,000	197,210	197,210	Pending
Taiyuan							
R&F City Garden No. 8 (Dunhuafang Project)	100%	Xinghualing District	Residential & Retail	188,744	566,231	566,231	Pending
Huhhot							
Huhhot R&F City (Baoquanzhuang Project)	100%	South of Xiaohei River, Saihan District	Residential	72,274	216,822	216,822	Pending
Australia							
Melbourne							
R&F Kinnears Project (Footscary Project)	100%	124–188 Ballarat Road	Residential & Retail	33,288	163,158	163,158	Pending
Brisbane							
Kangaroo Point Project	100%	36, 38, 40–44, 48 Lambert Street and 67 Cairns Street	Residential & Retail	3,291	29,516	29,516	Pending
West End Project	100%	3–9 Buchanan Street and 25 Donkin Street	Residential & Retail	16,800	90,000	90,000	Pending

Property List

Property	The Group's Interest (%)	Location	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted GFA held by the Group (sq.m.)	Expected Date of Completion
Properties for investment (Completed)							
Guangzhou							
R&F Cambridge Terrace Shopping Mall	100%	Dongguan Zhuang Road, Tianhe District	Retail	—	42,993	42,993	N/A
R&F West Garden Shopping Mall	100%	Huanshi Xi Road, Liwan District	Retail	—	3,570	3,570	N/A
R&F King's Court (Commercial)	100%	Xiaomei Street, Liwan District	Office	—	9,184	9,184	N/A
R&F Children World	100%	Zhongshan Eighth Road, Liwan District	Retail	—	16,307	16,307	N/A
R&F Modern Plaza — Jiaxin Commercial Center	100%	Gexin Road, Haizhu District	Retail	—	29,000	29,000	N/A
R&F Center	100%	Zone J, Pearl River New Town, Tianhe District	Office	8,117	162,605	162,605	2007
Grand Hyatt, Guangzhou	100%	Zone F, Pearl River New Town, Tianhe District	Hotel	10,291	114,498	85,596	2008
The Ritz-Carlton, Guangzhou	100%	Zone J, Pearl River New Town, Tianhe District	Hotel	6,895	104,322	104,322	2008
Holiday Inn Guangzhou Airport Zone	100%	R&F Jingang City, Huadu District	Hotel	14,270	37,826	37,826	2014
R&F Haizhu City	100%	Southwest of the Interchange of Jiangnan Xi Road and Jiangnan Avenue, Haizhu District	Retail	18,000	50,000	50,000	2014
Park Hyatt, Guangzhou	100%	Zone J, Pearl River New Town, Tianhe District	Hotel	7,942	34,766	34,766	2015
R&F Integrated Logistics Park	100%	R&F Jingang City, Huadu District	Warehouse & Office	—	499,123	499,123	2015
Beijing							
Renaissance Beijing Capital Hotel	100%	North of Guangqu Men Wai Street, Chaoyang District	Hotel	43,703	120,349	120,349	2008
Viva Beijing R&F Plaza	100%	North of Guangqu Men Wai Street, Chaoyang District	Retail	—	110,636	110,636	2008
R&F Center	100%	North of Guangqu Men Wai Street, Chaoyang District	Office	—	59,600	59,600	2008
Holiday Inn Express Temple of Heaven Beijing	100%	No. 35 Court, Nanwei Road, Xuanwu District	Hotel	6,190	22,302	22,302	2008
Tianjin							
R&F Plaza	100%	West of East Road, South of North Road Nankai District	Retail	—	42,669	42,669	2013
Chongqing							
R&F Ocean Plaza (Retail)	100%	Yanghe New Area, Guanyin Qiao Street, Jiangbei District	Retail	—	72,675	72,675	2012
Hyatt Regency, Chongqing	100%	Yanghe New Area, Guanyin Qiao Street, Jiangbei District	Hotel	16,137	46,439	46,439	2012
Holiday Inn Chongqing University Town	100%	Xiyong Unit, Shaping Ba District	Hotel	30,893	67,612	67,612	2015

Property	The Group's Interest (%)	Location	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted GFA held by the Group (sq.m.)	Expected Date of Completion
Chengdu							
R&F Plaza (former Tianhui Mall)	100%	Shuncheng Street, Qingyang District	Retail	—	254,626	254,626	2010
The Ritz-Carlton, Chengdu	100%	Shuncheng Street, Qingyang District	Hotel	—	57,171	57,171	2013
Huizhou							
Renaissance Huizhou Hotel	100%	Yanjiang Economic Circle, Jiangbei New District	Hotel	15,000	54,321	54,321	2012
Intercontinental Huizhou Resort	100%	Hengli Town	Hotel	—	52,000	52,000	2009
Taiyuan							
Pullman Taiyuan R&F Hotel	100%	Jinan East Road, Xinhualing District	Hotel	10,000	43,477	43,477	2015
Hainan							
Doubletree Resort by Hilton, Haikou-Chengmai	100%	Sanlin Exit, Huandao West Line High-way, Chengmai Town	Hotel	36,756	44,502	44,502	2015
Marriot Resort & Spa Hainan Xiangshui Bay (South)	100%	Zone B, Xiangshuiwan, Lingshui County	Hotel	19,758	20,992	20,992	2016
Properties for investment (under-development)							
Guangzhou							
Conrad, Guangzhou	33%	Liede Village, Liede Road, Tianhe District	Hotel	—	32,857	10,955	2017
R&F Global Merchandise City (Huadu Shiling Project)	80%	Shiling Avenue, Huadu District	Commercial	198,668	612,691	490,153	Pending
Hainan							
Marriot Resort & Spa Hainan Xiangshui Bay (North) & Yacht Club	100%	Zone B, Xiangshuiwan, Lingshui County	Hotel	50,000	55,571	55,571	Pending
R&F Ocean Paradise (Ocean Park)	100%	International Tourism Island, Lingshui County	Hotel, Travel & Retail	666,667	476,818	476,818	Pending
Tianjin							
Marriott Hotel, Tianjin	100%	West of East Road,South of North Road, Nankai District	Hotel	23,000	57,788	57,788	Pending
Huizhou							
Hilton Huizhou Longmen Resort	100%	Maqiao Reshui Village, Yonghan Town, Longmen County	Hotel	—	55,999	55,999	Pending
Doubletree Resort by Hilton, Huizhou R&F Bayshore	100%	Huizhou R&F Bay Shore	Hotel	—	46,718	46,718	Pending

Property List

Property	The Group's Interest (%)	Location	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted GFA held by the Group (sq.m.)	Expected Date of Completion
Shannghai							
The Ritz-Carlton, Shanghai	100%	Shanghai Hongqiao CBD	Hotel	—	58,574	58,574	Pending
AC Hotels, Shanghai	100%	Shanghai Hongqiao CBD	Hotel	—	15,755	15,755	Pending
Hyatt Place, Shanghai	50%	New Jiangwan City, Yangpu District	Hotel	—	17,243	8,622	Pending
Harbin							
The Ritz-Carlton, Harbin	100%	R&F Jiangwan New Town	Hotel	—	67,000	67,000	Pending
Properties for investment (under planning)							
Xian							
R&F Holiday Inn, Xian	100%	Beihuan Road, Changan District	Hotel	6,880	50,000	50,000	Pending

Corporate Information

Executive Directors	Li Sze Lim Zhang Li Zhou Yaonan Lu Jing
Non-executive Directors	Zhang Lin Li Helen
Independent Non-executive Directors	Lai Ming Joseph Zheng Ercheng Ng Yau Wah Daniel
Supervisors	Chen Liangnuan Liang Yingmei Zhao Xianglin
Authorized Representatives	Li Sze Lim Lee Michael
Joint Company Secretaries	Lee Michael Cheung Sze Yin
Registered Office in the PRC	45–54/F., R&F Center, No.10 Huaxia Road, Pearl River New Town, Guangzhou 510623 PRC
Principal Place of Business in the PRC	45–54/F., R&F Center, No.10 Huaxia Road, Pearl River New Town, Guangzhou 510623 PRC
Principal Place of Business in Hong Kong	Room 1103, Yue Xiu Building, 160–174 Lockhart Road, Wanchai, Hong Kong
Auditor	PricewaterhouseCoopers 22/F., Prince's Building, Central, Hong Kong
Legal Advisor as to Hong Kong Law	Sidley Austin 39/F., Two International Finance Centre, 8 Finance Street, Central, Hong Kong
Hong Kong H Share Registrar	Computershare Hong Kong Investor Services Limited 17M/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Website	www.rfchina.com

Shareholders' Information

SHAREHOLDERS' CALENDAR

Interim results announcement	24 August 2016
Interim dividend paid	14 October 2016
Final results announcement	10 March 2017
Closure of register of members (for the entitlement of attending the annual general meeting)	4 April to 19 May 2017 (both days inclusive)
Annual general meeting	19 May 2017
Closure of register of members (for the entitlement of dividend)	25 May to 1 June 2017 (both days inclusive)

LISTING INFORMATION

The Company's H shares were listed on The Stock Exchange of Hong Kong Limited on 14 July 2005.

Stock Code

Hong Kong Stock Exchange	2777
Reuters	2777.HK
Bloomberg	2777HK

Board Lot Size 400 shares

Share Information

	Stock Price*	
Year	**High**	**Low**
	HK$	HK$
2005 (from 14 July to 31 Dec)	6.9375	2.7
2006	17.14	6.675
2007	45.6	12.8
2008	28.3	2.3
2009	18.98	5.31
2010	14.14	8.55
2011	12.54	5.48
2012	13.40	5.80
2013	16.28	9.89
2014	11.92	7.65
2015	10.9	6.35
2016	13.98	7.58

* 28 September 2006 — 4-for-1 share sub-division adjusted

廣州富力地產股份有限公司
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* for identification purpose only